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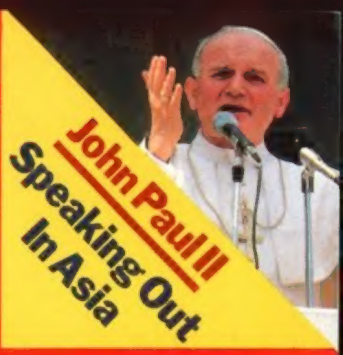

John Paul II Speaking Out In Asia

The Ax Falls

Reagan's Plan for a "New Beginning"

ROGER HUYSSEN

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MARCH 2, 1981 Vol. 117 No. 9 TIME THE WEEKLY NEWSMAGAZINE

A Letter from the Publisher

As part of the effort for this week's cover story on President Reagan's sweeping economic proposals, TIME correspondents fanned out across the country to test the mood of citizens about the proposed budget cuts. The goal: to look at some of the programs most affected, examine what they had been achieving at the local level and assess how much they might be missed. Says National Editor John Elson, who edited the story: "We found a wide range of responses, including some that were not anticipated by the Administration. It is already clear that Reagan is going after a whole herd of sacred cows. The battle brewing in the Congress will be fascinating."

STEVE HANSEN

Attinger talking with students at Bates College

At Bates College in Lewiston, Me., Correspondent Joelle Attinger came across two students who voted for Reagan because they felt he was best equipped to cut federal waste. Says Attinger: "Now both may have to leave Bates because of pending cuts in the student loan program." In Denver, Bureau Chief Richard Woodbury visited a food stamp center, only to find that some people were too embarrassed to talk to him. Says he: "For many aid recipients there is a deep stigma attached to obtaining handouts." Traveling to Erie, Pa., to report on proposed CETA cuts, Correspondent Robert Geline found residents ready to make do —"but nobody could say how."

Correspondent Steven Holmes, a native New Yorker, learned that a city slicker faces a language barrier in Benton County, Iowa. Says he: "When a farmer told me it cost him $10,000 to tile, I thought he was talking about his kitchen. He meant field drainage tiles." After several companies declined to discuss a possible reduction in Export-Import Bank funding, Correspondent Patricia Delaney approached J.I. Case, a construction-equipment manufacturer in her native Racine, Wis. "When Case executives tried to refuse, I asked them how they could turn down a request from a home-town girl," says Delaney. "I had an interview with the president of Case the next afternoon." Correspondent Christopher Redman visited the St. Louis Symphony Orchestra to discuss arts-funding cuts and came upon it rehearsing excerpts from Wagner's *Götterdämmerung* (Twilight of the Gods). Says Redman: "The music seemed painfully appropriate."

John a. Meyer

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Letters

Brooke's Beauty

To the Editors:

Until I read your article, I had assumed that Brooke Shields [Feb. 9] was a victim of her mother's greed. Since she is surviving with such poise, and is enjoying herself as well, more power to her.

John Ledda
Marquette, Mich.

You know what comes between me and my settling down? Brooke Shields. I still fantasize about finding a girl like her: the earth's eighth wonder.

Nasser Sharief
Jeddah, Saudi Arabia

Isn't it a pity that a girl of 15 is conceded so much importance, even if she is pretty? By providing kids with too much too early, we are destroying the sequence that nature so cleverly devised. At that age, boys and girls, but especially girls, are blessed with innocence and candor. The world benefits from these qualities and so do the youngsters. Remember the Chinese proverb: Let the children rule and man becomes a fool.

William McAlpin
Antwerp, Belgium

A little girl is being used to make grown men drool, encouraging them to think that making out with children is the In thing. It is sickening to see this beautiful young person so exploited.

Lee Jens
Glen Ellyn, Ill.

How many men do you know who would allow the image of a 15-year-old boy to dictate how they're supposed to look in the '80s?

Ann Rex
Garden City Beach, S.C.

Rejecting Gilder

According to George Gilder [Feb. 9], our poverty is due to the progressive income tax, Government regulations and other sins of "liberal" economics. During the 19th century there were four financial panics of some severity: 1819, 1837, 1873 and 1893. During this time, there were no federal income tax (except for a brief period during the Civil War), no interfering regulatory bodies like OSHA, EPA, SEC. Yet, at about 20-year intervals, except wartime, our economy collapsed and severe poverty afflicted much of the population. Considering this history, Mr. Gilder's distorted view of American economics should be rejected.

Ross Stagner
Southfield, Mich.

It would appear that Gilder's book *Wealth and Poverty* is indeed the equivalent of an economic bible for the Reaganauts. Gilder's opinion that "to help the poor and middle classes, one must cut the tax rates of the rich" fits hand in glove with the attitude of another of President Reagan's favorites, Calvin Coolidge. Rather than trying to ease the burden of the poor, Coolidge too believed it was better to decrease the taxes of the higher income groups to avoid retarding economic growth. Although some of Gilder's research is entertaining, his ideas aren't new.

Tom DeMoss
Eugene, Ore.

Buddy, Can You Spare a Dime?

Contrary to People [Feb. 9], I have not thrown my hat in the ring for the Democratic senatorial nomination in 1982. I am not a candidate. I am barely at the stage known as "seriously considering a race," which means, in English, where is the money going to come from?

Gore Vidal
Los Angeles

Aiding El Salvador

At a time when love of one's country is running high, I question how patriotic or American it is to be supplying $10 million worth of aid to a government like El Salvador's, which does not have the support of its own people [Feb. 2]. As Americans we pride ourselves on helping the poor and the oppressed. Nevertheless, American dollars are being used against the poor and the oppressed in El Salvador. Washington insists on sending military aid and American technicians to help the Duarte regime. Isn't this how our involvement in Viet Nam began?

Catherine L. Lavin
Bridgewater, N.J.

You quoted me as saying about Salvador Cayetano: "His eyes, they are hard. I wouldn't like to be his prisoner." This gives the impression that I am a supporter of the inhuman junta in San Salvador against which Cayetano is courageously fighting. The opposite is true. I was not criticizing Señor Cayetano but describing what I believe to be the result of the imprisonment and cruel torture he has suffered.

Graham Greene
Paris

In Praise of Jimmy

It was a bitter disappointment for thousands of Americans when Jimmy Carter lost his bid for re-election. It was equally painful when the privilege and honor of welcoming home the hostages as President was denied him [Feb. 9]. But the most devastating blow was dealt by President Reagan in his failure to utter one word of public thanks to President Carter for his heroic and tireless efforts to bring the hostages home alive. Is this an example of the so-called Reagan "class"? Shame.

Sister Teresa Reddington
Belington, W. Va.

A man who valued peace above all else proved to himself and the entire world that nonmilitary methods of resolving international differences of opinion are the most successful. Jimmy Carter for the Nobel Peace Prize.

Patrick D. Brenner
Shippensburg, Pa.

I think Teddy, Billy, John Anderson and the hostages are the American Gang of Four that caused Carter's fall.

As an Egyptian, I would like to thank President Carter for everything he did to bring us peace. We'll always remember him as an honest President.

M. Sherif Kerdany
Cairo

Yellow Ribbons

Perhaps, as you say, the origin of the yellow ribbon as a symbol of longing for a captive's return is lost in the mists of folklore [Feb. 9]. The story my grandmother always told me, however, was that young ladies wore yellow ribbons around their necks to show that they were "spoken for" by a member of the U.S. Cavalry. The golden ribbon was a feminine version of the yellow stripe on the troopers' trousers.

Dianna Murphy
Lodi, Calif.

Why was yellow used to ensure safety and sympathy for the hostages' return home? Yellow vibrations stimulate nerve energy triggering the memory center of human thought. Yellow yells, "Forget me not!" The sun's yellow rays bestir all earth's creatures to live, learn and remember.

Yellow doesn't mean cowardice just because it warns, "Look before you leap." Traffic experts use that color for caution signs because yellow can be seen at a greater distance than any other color.

Yellow carries a lavender afterimage.

Letters

Stare at a yellow pencil for 30 seconds, then look at a white background and a lavender pencil will appear. Lavender authorizes compassion. Lavender trusts that a dream will come true.

Eloise Barnhurst
West Harwich, Mass.

RCA's Birth

In your story on RCA [Feb. 9], you refer to "the awkward ousting of the son of the company's founder." The implication is that David Sarnoff was the founder of the Radio Corporation of America. RCA was started in 1919 by General Electric Co. GE was soon joined in this venture by Westinghouse Electric Corp. and A T & T. Owen D. Young, an officer of GE, was named the first chairman of the board of RCA, and E.J. Nally was the first president.

At the time, David Sarnoff's title was commercial manager. He did not become president until 1930.

George H. Brown
Princeton, N.J.

O.K.'s Origins (Contd.)

You may now think that the discussion about the origin of the affirmative expression O.K. is getting out of hand. Still, I have to disagree with Readers Franklin Courtney Ellis [Jan. 19] and Andrea Galvacs [Feb. 9].

The letters O.K. derive from the Greek words *ola kala*, which mean all is fine or everything is good. The initials, which were used by early Greek sailors, were soon picked up by many foreign navigators and became international.

Costas Konis
Ruston, La.

I was interested to see the origin of the expression O.K. explained as "Old Kinderhook" and then as "Oll is Korrect." Another possible explanation is that O.K. derived from World War I. Each night, soldiers would report the number of deaths in their group to their superior. Thus O.K. would stand for "0 Killed."

Leon Godchaux III
New Orleans

Do as I Say, Not as I Do

Lee Iacocca wants us to buy American-made cars, especially Chrysler. However, "The Man Behind the Cigar" [Feb. 9] is smoking cigars made in the Dominican Republic, while "his longtime favorite brand is Cuban." How can he expect us to favor American products when he buys imports?

Alfred R. Korach
Tampa

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American Scene

In Carolina: Growing Up Black in the '40s

Mary Mebane is lecturer in composition at the University of Wisconsin in Milwaukee. The two passages on these pages are excerpted from her just published autobiography, Mary *(Viking; $12.95). A lifelong teacher of literature who was born in Durham County, N.C., in 1933, Mebane in her book recounts with insight, compassion and anger what it was like growing up female and black in the South before the civil rights revolution began.*

The Morning Bus to Durham

I got on the bus and sat on one of the long seats at the back that faced each other. There were three such long seats—one on each side of the bus and a third at the very back that faced the front. I liked to sit on a long seat facing the side because then I didn't have to look at the expressions on the faces of the whites when they put their tokens in and looked at the blacks sitting in the back of the bus.

By custom the seats behind the exit door had become "colored" seats, and no matter how many whites were standing, any black sitting behind the exit door knew he or she wouldn't have to move. The disputed area was opposite the exit door. This was no man's land. White people sat there and black people sat there. If the back section was full, the next black passenger who got on sat in the no man's land seat; but if the white section filled up, a white person would take the seat. The white people, though, could sit anywhere, even in the colored section.

The seating didn't really bother me that day until the white section up front was almost full and the black section was full. Now, if the driver took on more passengers than got off, it meant that some of the newcomers would have to stand. And if they were white the driver was going to have to ask a black passenger in no man's land to move so that a white passenger could sit down.

A black man in a blue windbreaker and a gray porkpie hat was sitting in no man's land, and my stomach tightened. I had never been on a bus on which a black person was asked to give a seat to a white person when there was no other seat empty. Usually, the black person automatically got up and moved to an empty seat farther back. But this morning the only empty seat was beside a black person sitting in no man's land.

The bus stopped at Little Five Points, and one black got off. A young white man was getting on. I tensed. Would the driver ask the black man to get up and move to the lone empty seat farther back? The white man had a businessman's air about him: suit, tie, polished shoes. He saw the empty seat in the colored section, hesitated, then went to it and sat down. I relaxed a little when the bus pulled off without the driver saying anything.

At the next stop another white man got on. The whole colored section tensed. The only seat was beside the black man in no man's land. Would he stand the few stops to Main Street, or would the driver make the black man move? I looked at the other men and women, who studiously avoided my eyes. There was one woman whom I had noticed before, and I had been ashamed of her. She was a stringy little black woman. She looked as if she were a hard drinker. Flat black face with tight features, dressed in a tight boy's sweater pulled down over a nondescript skirt.

"Say, buddy, did you hear me? What about moving on back?" The driver was scared to death. I could tell that.

"These is the niggers' seats!" the little lady in the strange outfit started screaming. "The Government gave us these seats!" I was startled at her tone and her statement—no man's land seats were not regarded as back of the bus. "The President said that these are the niggers' seats!" I expected her to start fighting at any moment. Evidently the bus driver did, too, because he was driving faster and faster. "I'm going to take you down to the station, buddy," he said.

The white man with the briefcase and the polished brown shoes who had taken a seat in the colored section looked as though he might die of embarrassment at any moment. By that time we had come to the stop before Main Street, and the black male passenger rose to get off.

"You're not getting off, buddy. I'm going to take you downtown," the driver called. He kept driving as he talked and seemed to be trying to get downtown as fast as he could.

"These are the niggers' seats! The Government plainly said these are the niggers' seats!" screamed the little woman in rage. I was embarrassed at the word nigger but I was proud of the lady. I was proud of the man who wouldn't get up.

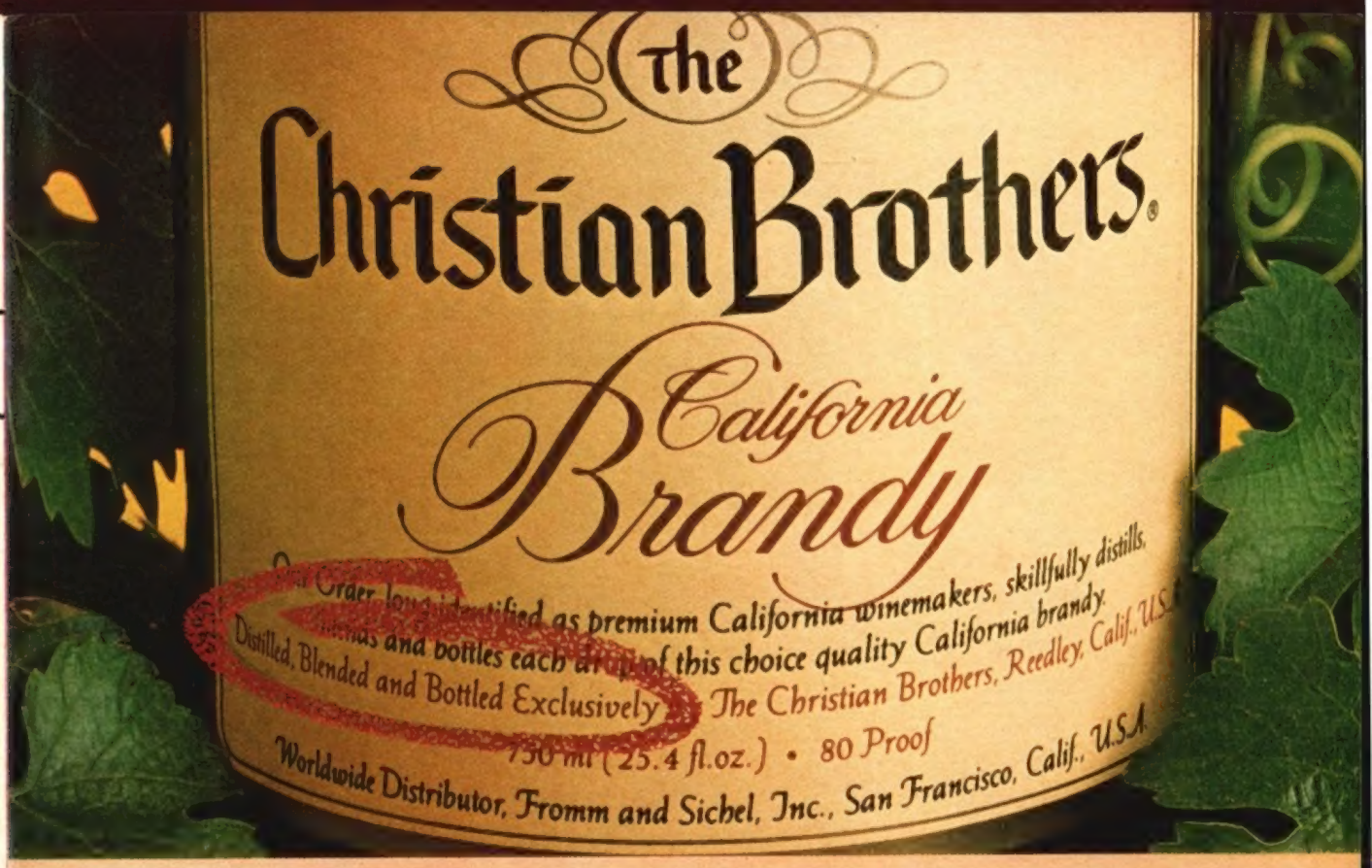
The bus seemed to be going a hundred miles an hour, and everybody was anxious to get off. The black man stood at the exit door; the driver drove right past the A. & P. stop. I was terrified. I was sure the bus was going to the police station to put the black man in jail. The white man had not moved.

"The seated black man said nothing. The standing white man said nothing"

The white man who had just gotten on the bus walked to the seat in no man's land and stood there. He just stood there. He would not sit down next to the black. Two adult males, living in the most highly industrialized, most technologically advanced nation in the world, a nation that had devastated two other industrial giants in World War II, faced each other in mutual rage and hostility. The white one wanted to sit down, but he was going to exert his authority and force the black one to get up first—so that they would not have to sit side by side. I watched the driver's face in the rearview mirror.

"Say there, buddy, how about moving back?" the driver said, meanwhile driving his bus just as fast as he could. The whole bus froze—whites at the front, blacks at the rear. They didn't want to believe what was happening was really happening. The seated black man said nothing. The standing white man said nothing.

Illustrations for TIME by Joseph A. Smith



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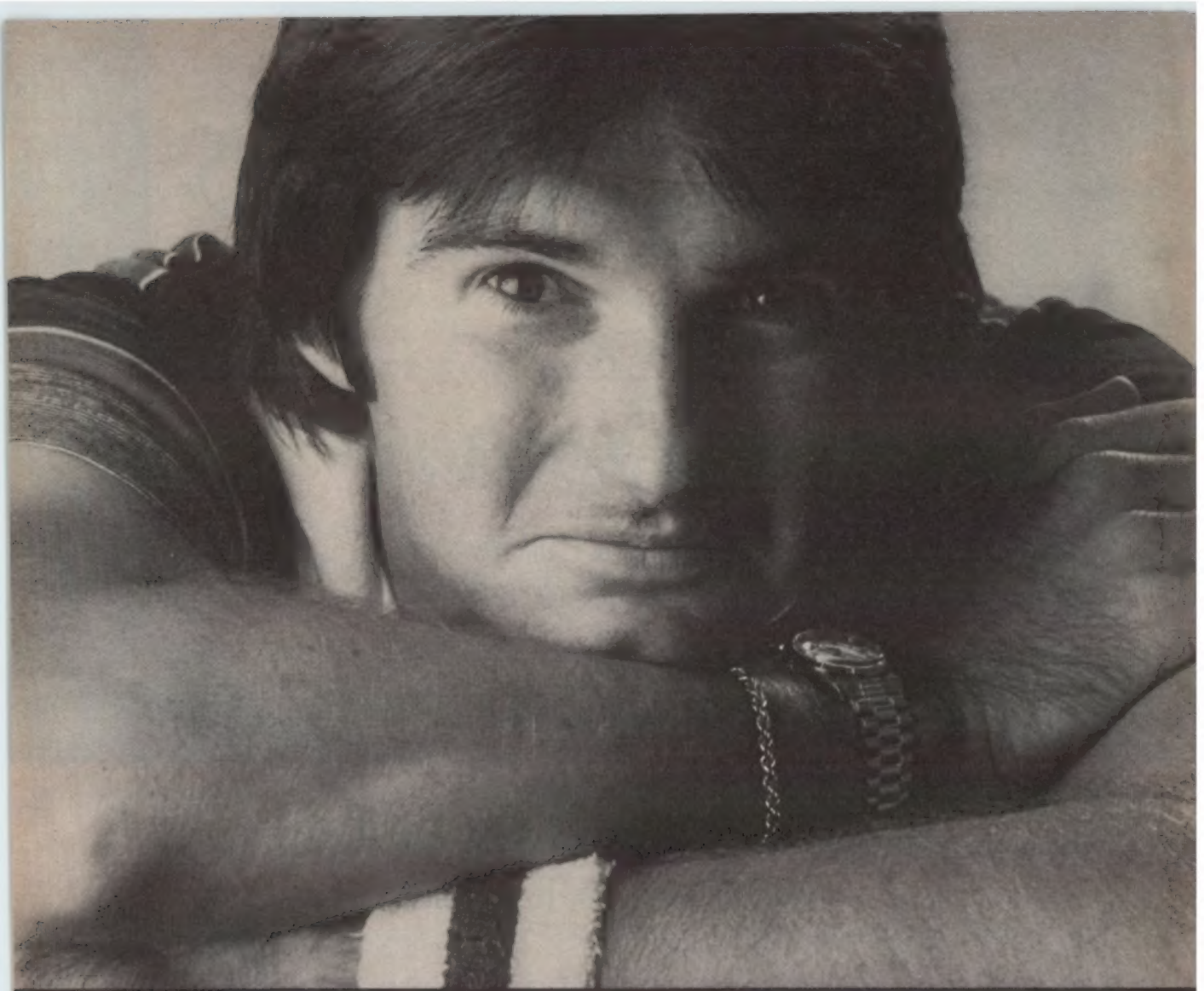

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little woman had her hands on her hips and she never stopped yelling. The bus driver kept driving as fast as he could.

Then, apparently, the driver decided to forget the whole thing. The next stop was Main Street, and when he got there, in what seemed to be a flash of lightning, he flung both doors open wide. He and his black antagonist looked at each other in the rearview mirror; in a second the windbreaker and the porkpie hat were gone. The little woman was standing preaching to the whole bus about the Government's gift of these seats to the blacks; the white man with the brown shoes practically fell out of the door in his hurry. I followed the hurrying footsteps. The people who devised this system thought that it was going to last forever.

Black Wasn't Beautiful

In the fall of 1951 during my first week at North Carolina College, a black school in Durham, the chairman's wife, who was indistinguishable from a white woman, stopped me one day in the hall. She wanted to see me, she said.

When I went to her office, she greeted me with a big smile. "You know," she said, "you made the highest mark on the verbal part of the examination." She was referring to the examination that the entire freshman class took upon entering the college. In spite of her smile, her eyes and tone of voice were saying, "How could this black-skinned girl score higher on the verbal than some of the students who've had more advantages than she? It must be some sort of fluke." I felt it, but I managed to smile my thanks and back off. For here at North Carolina College, social class and color were the primary criteria used in deciding status. The faculty assumed light-skinned students were more intelligent, and they were always a bit nonplussed when a dark-skinned student did well, especially if she was a girl.

I don't know whether African men recently transported to the New World considered themselves handsome or, more important, whether they considered African women beautiful in comparison with native American Indian women or immigrant European women. But one thing I know for sure: by the 20th century, really black skin on a woman was considered ugly in this country. In the 1950s this was particularly true among those who were exposed to college. Black skin was to be disguised at all costs. Since a black face is rather hard to disguise, many women took refuge in ludicrous makeup.

I observed all through elementary and high school, in various entertainments, the girls were placed on the stage in order of color. And very black ones didn't get into the front row. If they were past caramel-brown, to the back row they would go. Nobody questioned the justice of this—neither the students nor the teachers.

Oddly enough, the lighter-skinned black male did not seem to feel so much prejudice toward the black black woman. It was no accident, I felt, that Mr. Harrison, the eighth-grade teacher, who was reddish-yellow himself, once protested to the science and math teacher about the fact that he always assigned sweeping duties to Doris and Ruby, two black black girls. Mr. Harrison said to them one day in the other teacher's presence, "You must be some bad girls. Every day I come down here you all are sweeping." The science and math teacher got the point and didn't ask them to sweep any more. Uneducated black males, too, sometimes related very well to the black black woman. They had been less indoctrinated by the white society around them.

"I knew rage so intense that I wanted to . . . start punching her"

Because of the stigma attached to having dark skin, a black black woman had to do many things to find a place for herself. One possibility was to attach herself to a light-skinned woman, hoping that some of the magic would rub off on her. A second was to make herself sexually available, hoping thereby to attract a mate. Third, she could resign herself to a more chaste life-style—either (for the professional woman) teaching and work in established churches or (for the uneducated woman) domestic work and zealous service in "holy and sanctified" churches.

Lucy had chosen the first route. Lucy was short, skinny, short-haired and black black, and thus unacceptable. So she made her choice. She selected Patricia, the lightest-skinned girl in the school, as her friend and followed her around. Patricia and her friends barely tolerated Lucy, but Lucy smiled and doggedly hung on, hoping that those who noticed Patricia might notice her also. Though I felt shame for her behavior, even then I understood.

A fourth avenue open to the black black woman is excellence in a career. Since in the South the field most accessible to such women is education, a great many of them prepared to become teachers. But here, too, the black black woman had problems. Grades weren't given to her lightly in school, nor were promotions on the job. She had to pass examinations with flying colors or be left behind. She had to be overqualified for a job because otherwise she didn't stand a chance of getting it—and she was competing only with other blacks.

The black woman's training would pay off in the 1970s. With the arrival of integration, the black black woman would find, paradoxically enough, that her skin color in an integrated situation was not the handicap it had been in an all-black situation. But it wasn't until the middle and late 1960s, when the post-1945 generation of black males arrived in college that I noticed any change in the situation at all. *He* wore an Afro and *she* wore an Afro, and sometimes the only way you could tell them apart was when his Afro was taller than hers. Black had become beautiful. It was then that the dread I felt at dealing with the college-educated black male began to ease. Even now, though, when I have occasion to engage in any transaction with a college-educated black man, I gauge his age. If I guess he was born after 1945, I feel confident that the transaction will turn out all right. If he probably was born before 1945, my stomach tightens, I find myself taking shallow breaths, and I try to state my business and escape as soon as possible.

When the grades for the first quarter at North Carolina College came out, I had the highest average in the freshman class. The chairman's wife called me into her office again. We did a replay of the same scene we had played during the first week of the term. She complimented me on my grades. Then she reached into a drawer and pulled out a copy of the freshman English final examination. She asked me to take the exam over again.

At first I couldn't believe what she was saying. I had taken the course under another teacher; and it was so incredible to her that I should have made the highest score in the class that she was trying to test me again personally. For a few moments I knew rage so intense that I wanted to take my fists and start punching her. I have seldom hated anyone so deeply. I handed the examination back to her and walked out. —*By Mary Mebane*

"Is There Really Enough Love To Go Around The World?"

"It would be impossible to reach out and embrace all the children who have very little hope in life. But I think there must be enough love in each of us to reach out and send to at least one child.

"For only $15 a month, you can become a sponsor and share your love with a needy child.

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"The child I sponsor is a little girl in the Philippines named Marites. Her pain and hunger was like nothing you or I have ever known.

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Photo by Grant Edwards

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Christian Children's Fund, Inc.

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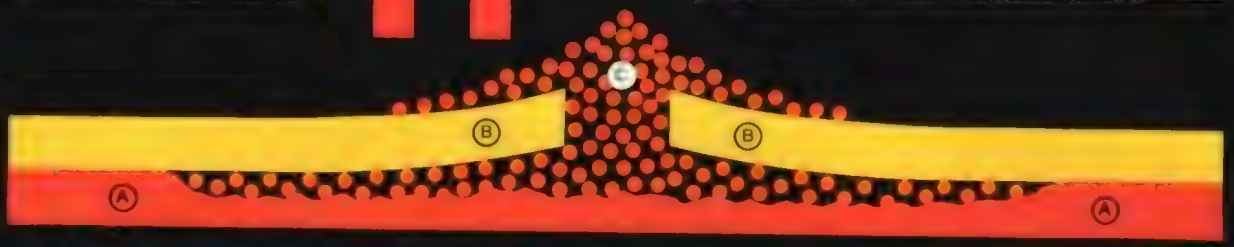
Consumer Orientation
No. 11 in a Series
Subject: Longlife Design
The Antithesis of
Planned Obsolescence.

11 Porsche 911



At Porsche, we design our cars for the long term. We don't believe in the concept of planned obsolescence. Each new model is expected to have a production run of at least 10 years. (The 911 has been in production for more than 15 years.) In addition, every car we build is further expected to bring its owner many years of continued enjoyment.

Our goal of the longlife car has shown, however, that components such as the engine and drive train can have a far longer life span than the body. Road salt, acid rain, and other aggressive airborne matter have created increasing demands on the body's protective coating. Now more than ever, there is the danger of rust.

Paint alone is no protection against rust. (See diagram above.) Harmful elements can attack a car's sheet steel (A) through pinholes in the paint skin (B). Unchecked, rust (C) can expand, mar the finish, and weaken an ordinary steel body. So in addition to a 4-step paint process, the Porsche 911—like all Porsches—is protected by a hot dip galvanizing process.

All of the sheet steel used in all Porsches is hot dip galvanized—on both sides—in a 500° C liquid zinc bath. This produces (see diagram below) a protective zinc coating (D) on the sheet steel (E) that actually grows into the damaged portion (F) of the paint skin (G)—plugging pinholes and preventing further corrosion.

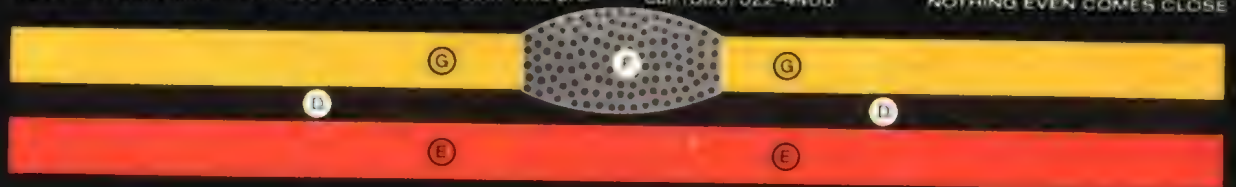
As a result of the effectiveness of hot dip galvanizing—beginning with the 1981 model year, we offer a limited warranty on the *entire* body of every new Porsche—911, 924, 924 Turbo, 928—against rust perforation for 7 years.

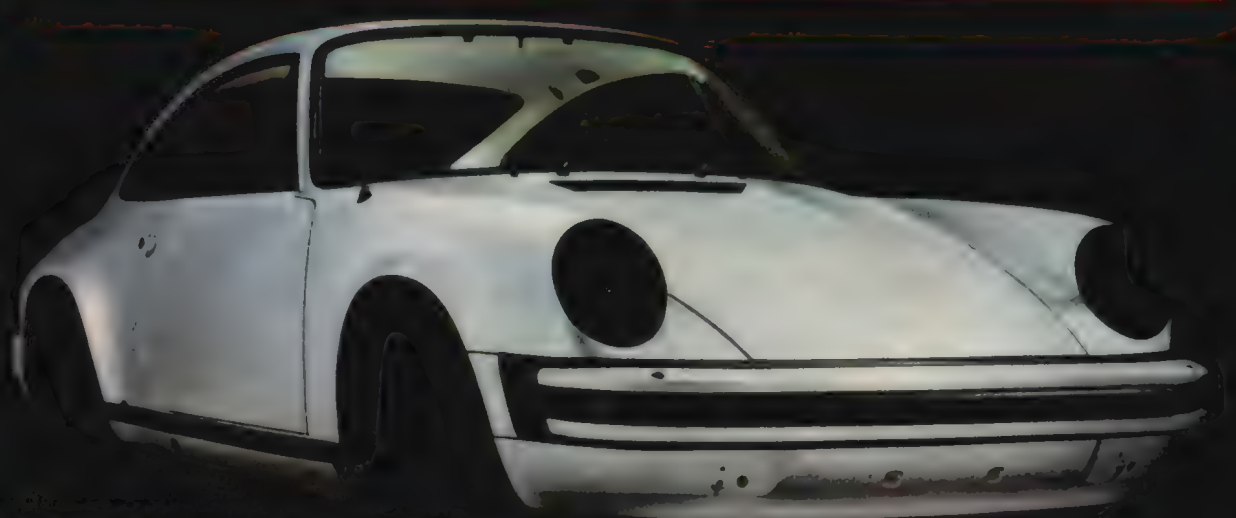
Porsche Audi represents that Porsche vehicles will be free from rust perforation for the duration of 7 years, if rust perforation develops under normal use and service and the vehicle has been maintained in accordance with manufacturer's requirements, any Porsche Audi authorized dealer will replace or repair the defective parts free of charge.

The hot dip galvanizing process is expensive. But it represents the most comprehensive anti-corrosion protection available. At Porsche, excellence is expected.

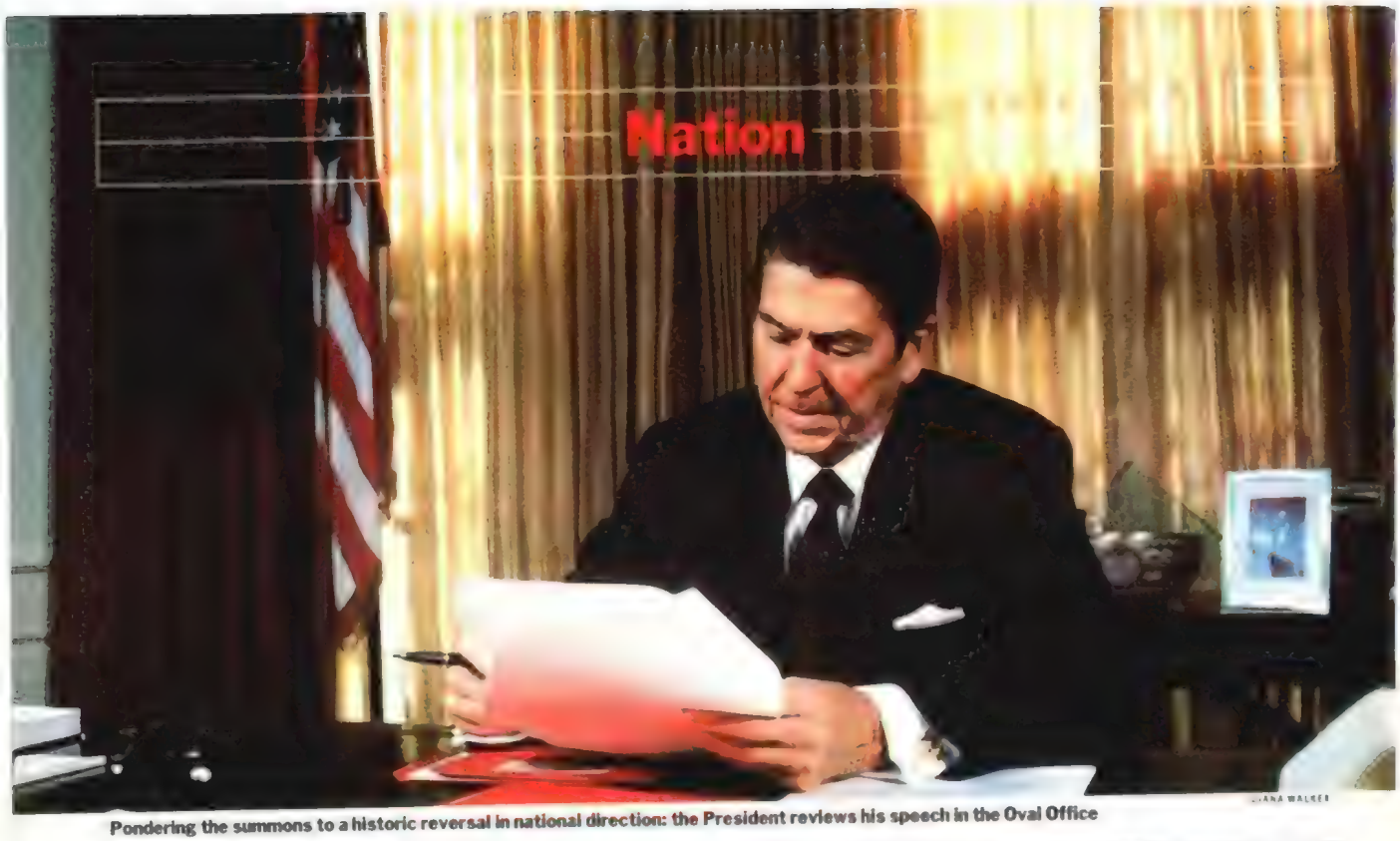
For more information or your nearest dealer, call toll-free: (800) 447-4700. In Illinois, call (800) 322-4400.

PORSCHE AUDI
NOTHING EVEN COMES CLOSE





At the Porsche Research and Development Center (Entwicklungzentrum) in Weissach, the steel body of a Porsche 911 has been standing outside in the elements—protected only by hot dip galvanizing—for 7 years. To date, there has not been one speck of red rust.



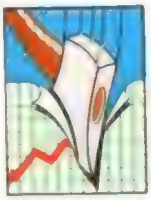
Pondering the summons to a historic reversal in national direction: the President reviews his speech in the Oval Office

TIME/MARCH 2, 1981

COVER STORIES

Challenge to Change

Reagan calls for an end to the years of spendthrift Big Government



There are moments in the affairs of nations that historians, with the snug granny glasses of hindsight, adjudge climactic: the end of one era, the beginning of another, a true shift of the tectonic plates of society. Often such events largely escape the notice of those living at the time; significance dawns slowly, meaning comes piecemeal. Whether or not what Ronald Reagan asked of the U.S. last week in his televised address to the assembled houses of Congress will some day be considered such a moment remains to be seen. But no one who heard him will be able to claim that the country was not warned, that what he had in mind was nothing less than the most radical invocation to change in 50 years. He spoke to a single topic: his new Administration's program to curb the inflation and end the stagnation that have been crippling the U.S. economy. But in so doing he summoned his countrymen to take a historic turn: from more government to less. If he should succeed—and it is a very large if—the implications are immense.

No matter that the President, despite the warmest welcome that any Chief Executive has received from Congress in recent years, read parts of his speech too fast. No matter that the speech itself, studded with statistics, lacked Reagan's unique verbal tang. The potential, far-reaching importance of what he offered, of what he urged the legislators to accept and enact, was there. His program was detailed in a 281-page volume called *America's New Beginning: A Program for Economic Recovery*, which Congress had already received. The numbers alone were startling enough: $467 billion less federal spending, combined with $709 billion in tax savings for individuals and businesses, over the next five years. Reagan called for cutbacks in federal programs dealing with everything "from space to the mailbox," as he put it in the speech.

But it is not just the size and sweep of Reagan's program that could cause future historians to look on it as the start of a new era: it is the direction and philosophy. His plan challenges all the assumptions that have powered Government economic and social policy for nearly half a century. The key assumption—which prevailed in practice, if not in rhetoric, through Republican as well as Democratic administrations—was that the people had to look to Government to ensure material prosperity and a reasonably fair distribution of wealth for all citizens. Thus the Government had to institute spending programs for the poor, and eventually the middle class, and expand them steadily. It had to devise a tax system aimed in part at shifting income from the affluent to the needy. It involved itself in everything from the maintenance of museums to the nutritional value of school lunches. And it has grown in size, power and influence over citizens' lives year by year.

Reagan believes profoundly that a swollen Government has now become the destroyer of prosperity, fanning inflation through endless deficits and strangling economic growth through excessive taxes. So, from now on, Government must choose to slim itself down. It must spend less, tax less, regulate less, trim rather than expand social programs and turn over responsibility for many of them to states and cities. Above all, it must stop trying to guide the economy and trust the energies of private

Not at his best, but far more than a standard State of the Union address: Reagan being given standing ovation

workers and businessmen to pull the nation out of the stagflation swamp.

The President told Congress: "The taxing power of Government must be used to provide revenues for legitimate Government purposes. It must not be used to regulate the economy or bring about social change. We've tried that and surely we must be able to see it doesn't work. Spending by Government must be limited to those functions which are the proper province of Government. We can no longer afford things simply because we think of them."

For all its radicalism, Reagan's plan calls for something much less than a repeal of Lyndon Johnson's Great Society, let alone Franklin Roosevelt's New Deal. Among the spending programs that Reagan picked as targets, only a few would be axed completely; most of the others would not only continue but would grow, albeit more slowly. Indeed, total federal spending and tax collections would both rise, propelled by the inexorable forces of population and business growth, and an inflation that may diminish but will not go away. Total federal expenditures, by Reagan's own figure, would rise from $655 billion in fiscal 1981, which ends Sept. 30, to $912 billion five years hence. That would be a hefty $124 billion less than might be foreseen if spending kept ballooning at its present rate.

Still, the change in direction that Reagan proposed could hardly be more jolting. The iron law of budgets has been that more citizens receive more generous federal benefits every year. Reagan would reverse that process: under his plan, fewer people would qualify for welfare benefits, for long-term unemployment compensation, for subsidized school lunches, for Social Security disability payments, for low-interest, federally guaranteed student loans. Some 400,000 of the 5½ million households now eligible to buy food stamps would be dropped from the rolls next year. And while total spending and tax collections would rise, they would grow less rapidly than the private economy; federal expenditures, as a proportion of the nation's total output of goods and services, would shrink from 23% this fiscal year to 19% in 1986, while the share taken by taxes would dwindle from 21.1% to 19.6%. In short, Washington would become a gradually diminishing force in American life.

If the plan works, that is. The President is taking a whole series of high-risk gambles. He is betting first that Congress can be persuaded to pass at least the key elements in his program in recognizable shape. That is at least questionable: though Reagan has clearly convinced the nation that a bold new venture must be attempted, he is asking Congressmen to vote for spending cuts that will hurt their own constituents—and there is something in his plan to offend just about every lobby in Washington.

The President is also taking a long chance that the deep tax cuts he wants will prompt savings, investment and hard work, and thus healthy economic growth. They could instead deepen deficits, lead to a consumer buying spree, or both; either would make inflation worse.

That prospect troubles many economists and businessmen who applaud what Reagan is trying to do. Says Otto Eckstein, a member of TIME's Board of Economists: "With only a little additional bad luck, the Government could experience a deficit of $100 billion." Adds DuPont Chairman Irving Shapiro: "I have a lot of trouble with this new economic religion. No businessman would run his business on the basis of an untested thesis."

The President, however, is counting not just on economics but on a change in the national psychology, to be engineered by convincing citizens that their leader knows what to do and is determined to carry out his plans. Said Reagan: "We are in control here. There is nothing wrong with America that together we can't fix." But can his program really convince workers, businessmen, bankers that inflation is not the wave of the future? Or will they go on demanding extra wage boosts, still higher prices, more interest on loans in a futile attempt to stay ahead of the game—and thus bring about more inflation, whatever Washington may do? Gauging the program's chances for checking inflation, Presidential Counsellor Edwin Meese last week admitted: "We are talking about something that is well over 50% and maybe 80% psychological."

White House economists concede —and the President duly warned the nation—that even if Congress passes Reagan's program intact, the payoff would not come overnight. The budget would not be balanced until fiscal 1984, a year later than the President originally hoped. In fiscal 1982 the deficit would be $45 billion, some $17 billion more than might have been expected under Jimmy Carter's tax and spending plans. (Reason: Reagan's

tax cuts would temporarily lower revenues faster than his budget reductions would hold down spending.) The inflation rate would drop only from an all but intolerable one—an estimated 11.1% this calendar year—to a still very high 8.3% in 1982; unemployment would go down only from 7.8% to 7.2%.

Not until the election year of 1984 would the real benefits of a 5.5% inflation rate and a 6.4% unemployment figure be felt—and the White House conceded that these forecasts "may seem optimistic to some observers." As Reagan put it in his speech, his plan is designed "not to make things easy, but to make things better."

BRACK—BLACK STAR

Budget Boss David Stockman testifying on the economic plan

Daily press conferences—and rougher tactics, if necessary.

What if the plan is tried and fails? That is perhaps the scariest aspect of all, since the nation has seemingly run out of substitute ideas to right the economy. In the most forceful part of his speech, the President posed these questions for his critics: "Have they an alternative which offers a greater chance of balancing the budget, reducing and eliminating inflation, stimulating the creation of jobs and reducing the tax burden? And if they haven't, are they suggesting we can continue on the present course without coming to a day of reckoning?" For the moment the answer to both questions clearly is no, and it is a powerful argument for accepting Reagan's plan. But the very lack of convincing alternatives could bring nearer that day of reckoning, which the President defined this way: "Inflation and the growing tax burden will put an end to everything we believe in and to our dreams for the future."

The speech contained no surprises, since the general outlines of Reagan's program had been carefully circulated in advance. The President prepared the address in what is now becoming the usual way. White House Speechwriter Ken Khachigian put together a rough draft, which Reagan reworked sporadically during a Camp David weekend. Crammed as it was with fiscal details, the speech could not display Reagan at his rhetorical best. For once, the master of the TV homily and the after-dinner pep talk appeared not only ill at ease but even a bit defensive, as he spent some of the opening minutes talking earnestly about programs he would not cut, most notably, veterans' and basic Social Security retirement benefits.

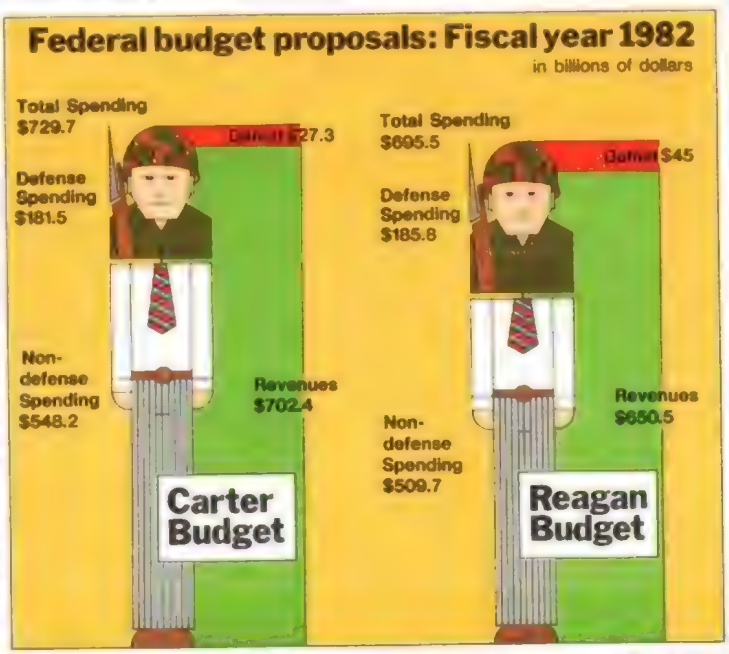
The President originally had wanted to speak for 20 or 25 minutes, but found after practicing and timing himself that his talk was longer than that—it took 34 minutes to deliver—and he decided there was nothing he wanted to cut. As a result, his rushed delivery caused him, uncharacteristically, to misjudge some of his applause lines. Late in the speech, he drew a loud and long ovation by asking the assembled Congressmen and Senators to make his program not just the Administration's idea but "our plan." Reagan flashed his widest grin and remarked, "I should have arranged to quit right there" —then went on speaking for another 4½ minutes.

But a grade-B effort from Reagan is still an effective performance. The President introduced one characteristic touch to make statistics come alive: observing that the national debt is approaching $1 trillion, he remarked, raising his arm, that a trillion dollars stacked up in $1,000 bills would make a pile 67 miles high.* At least some opponents in the TV audience were grudgingly impressed. California Leftist Tom Hayden, 40, who opposes the program as inequitable, nonetheless judged Reagan's presentation "one of the most substantial speeches by an American President in my lifetime."

No wonder: Reagan's program lived up to its advance billing in weight and scope. The President made a few last-minute modifications. For instance, he trimmed a cut in food stamp spending next year from $2.5 billion to $1.8 billion. But the changes were not major. His plan has three main components:

▶ *Spending.* As he pledged, Reagan proposed reductions in an extraordinarily broad range of federal activities *(see following story)*. In percentage terms some of the cuts would be very deep, and in dollar amounts they recall the celebrated witticism of the late Everett McKinley Dirksen: "A billion here, a couple of billion there—first thing you know it adds up to be real money." Many of the reductions would indeed be in the $1 billion-to-$2 billion range next fiscal year, and they add up to very real money: an estimated $41.4 billion in fiscal 1982, $123.8 billion by fiscal 1986. Those proposed savings, moreover, take into account an increase in defense spending, the giant exception to the austerity program. Citing enormous increases in Soviet military outlays since 1970, Reagan asserted, "To allow this imbalance to continue is a threat to our national security."

Reagan did pledge that the Pentagon would feel the budget-cutting pinch too. He proposed to close some military bases and pare down a pay raise for civilian employees of the Department of Defense. Even so, military spending next fiscal year would rise $4.3 billion over the $181.5 billion Jimmy Carter proposed, and that is a modest start. In fiscal 1983 the increase would



*Reagan tried to work it out himself on a scratch pad and came out with 60 miles; the Bureau of Engraving and Printing provided the correct figure.

be $20 billion; by fiscal 1986, $63.1 billion. Some of the projects the money would go for are obvious enough: a new manned bomber, an additional nuclear aircraft carrier, faster production of jet fighters. But Pentagon officials have yet to decide how they will allocate all the extra dollars.

▸ *Taxes.* The President would like to slash all income tax rates by 10% in each of the next three years, beginning July 1. Individual rates that now range from 14% to 70% (that top applies only to "unearned" income, such as interest, dividends and rents) would drop to a range of 10% to 50% after July 1, 1984. Assuming average deductions, the income tax on a family of four earning $20,000 would drop from $2,013 this year to $1,435 in 1984; the tax on a family earning $50,000 would fall from $9,323 to $6,809. Total savings to all taxpayers: $44.2 billion in fiscal 1982; $141.5 billion in fiscal 1985, when the cuts would be in effect for a full twelve months.

A minor flap arose just before the President's speech because Reagan decided to keep the top tax rate on "earned" (essentially wage and salary) income at 50%. That annoyed New York Congressman Jack Kemp, co-author of the tax plan whose main features Reagan adopted: Kemp had thought the rate would come down to 36%. He and others argue that deep tax cuts are especially needed in high brackets to prompt the wealthy to switch money out of tax shelters into more productive savings and investment.

In fact, Kemp may have misunderstood what the President was proposing. (Said one White House aide: "There are worse things than having daylight between this Administration and Jack Kemp." Kemp is widely regarded as a tax-slashing zealot.) For a married couple, the 50% rate now applies only to that portion of taxable income above $60,000 a year. Under the President's plan, the 50% rate by 1984 would apply only to taxable income exceeding $215,000—a level of wealth claimed on only three-hundredths of 1% of all tax returns, according to Treasury Secretary Donald Regan.

▸ *Deregulation.* Reagan announced some modest steps to ease the burden on business. For example, he rescinded Carter's order that building owners set thermostats no higher than 65° in winter and no lower than 78° in summer, a measure promulgated to save energy. More important, he ordered that whenever a federal agency proposes a new regulation that business would have to spend $100 million or more to obey, the agency must make a cost-benefit analysis of its proposed rule. Agencies would have to suggest alternatives, and choose the one that would cost business the least; disputes would be resolved by an Administration task force headed by Vice President George Bush. As examples of regulations that might be affected, Bush Assistant James Miller cited proposed rules governing noise in workplaces and the modification of buses and subway cars to make them more accessible to the handicapped.

The Administration clearly made an effort to spread the discomfort of the budget slashing across society, devising cutbacks that will affect business, the middle class and rural areas. But there is no disguising the fact that the burden will fall most heavily on low-income groups. The poor and marginal low-income families will suffer more from cutbacks in, say, the food stamp program than business will be hurt by a reduction in Export-Import Bank lending. And big cities would be hit especially hard by a variety of spending reductions.

The Administration contends that the poor and cities are hurt by inflation more than they are helped by Government spending programs, an argument that does not mollify many of Reagan's critics. The 18 members of the Congressional Black Caucus called a press conference to accuse the Administration of plotting to make the poor "hungrier, colder and sicker." New Orleans Mayor Ernest Morial predicted "disaster for American cities" if the program goes through. Marian Wright Edelman, president of the Children's Defense Fund, attacked the proposed budget cuts as "devastating to already bare-bone lives."

The big surprise, however, was that there was not a din of such outraged comments. The more general reaction was that Reagan's program is bitter, but necessary, medicine. Said Wisconsin Governor Lee Dreyfus: "It's like rabies shots. It's really going to hurt, but I know if we don't get it, we are going to die." While Republican Dreyfus might be expected to say something like that, many Democrats agreed that the nation can no longer afford ever expanding federal spending. Said Colorado's Democratic Governor Richard Lamm: "We are seeing the passing of an era. The age of exuberance is over and the age of austerity is here. I endorse the goal of the compassionate shrinking of Federal Government. We can spend smarter money, not bigger money."

Some critics who objected to parts of the President's program often found good things to say about other portions. M.I.T. Professor Lester Thurow, an adviser to George McGovern during the 1972 presidential campaign and a member of TIME's Board of Economists, criticized the proposed budget cuts as providing only "token" reductions in programs that benefit high-income groups. But Thurow approves Reagan's ideas for regulatory reform: "There is a consensus that we are an overregulated society."

Over and over, too, people dubious about aspects of the President's plan took to heart Reagan's challenge to come up with a better one. New York City Mayor Edward Koch asserted that the proposals to slash mass transit aid and the food stamp program and eliminate the CETA program to hire the unemployed for public-service jobs "are wrong and must not be implemented." Koch added, however: "I agree that there has to be a reduction in spending. He has thrown down the challenge; it's very reasonable. If we don't like his proposals, it's up to us to propose

Key Democrat Tip O'Neill: "We're not going to let them tear asunder programs we've built."

alternatives." Said Manhattan Investment Banker Felix Rohatyn: "We should be warned that the pain of the cutbacks is likely to offset our pleasure from tax reductions. But we've got to give Reagan's program a chance, especially because we have no valid alternative."

The reaction that counts, of course, will come in Congress, and Administration officials were deep in plans to counter any foot dragging. David Stockman, Director of the Office of Management and Budget, plans to hold daily press conferences this week, flanked by Cabinet officers who will defend and explain their portion of the spending cuts. White House officials are making themselves available for a blitz of TV appearances, and their Cabinet colleagues are setting up to brief press and special-interest groups

Reagan's allies are also preparing to lobby Congressmen in their home districts. Charles Wick, former co-chairman of Reagan's Inauguration committee, plans a closed-circuit TV program during which Administration economists will explain the plan to perhaps 15,000 Reagan loyalists around the country, who will then be expected to evangelize their Congressmen. Some White House aides are prepared to play rougher than that. Says one: "If a Republican doesn't vote for us, he will have one hell of a time getting us into his district to campaign for him in 1982. And if a Democrat votes against us, he just might see a lot of us in his district when he runs for re-election."

It may not come to that. Although most Democrats sat on their hands as Reagan announced his proposals to Congress, and blustered about them after the speech, the preliminary consensus is that Reagan will certainly win substantial budget and tax cuts—but probably not as much of either as he wants, and certainly not in the exact form he proposes.

Oddly, Congress seems in a mood to slash spending deeper, and faster, than taxes. While that attitude might seem to defy conventional political wisdom, there is strong reason for it. Public-opinion polls have consistently shown popular majorities in favor of lower spending. Reagan's impressive victory last November convinced nearly all legislators, Democratic as well as Republican, that the polls are reading the public mood correctly. Says Democratic Senate Whip Alan Cranston of California: "The attitude among Democrats here is that we can't be in the position of preventing him from trying what he was elected to do. We can't go along on every detail, but if we obstructed everything, it would be bad for the country and bad for the Democrats. The voters would remove a lot more of us."

Key Republican Howard Baker

Waiting until 1982 to pass a tax bill?

That does not mean the cuts will come easily. Several Congressmen and Senators last week rushed to express support for Reagan's program—except, of course, for those aspects that might hurt their constituents. Representative Peter Peyser, a Democrat from the New York suburbs, found "obvious merit" in Reagan's proposals, but he also complained that cutbacks in student loans would deprive college-bound youths of money they "desperately need." Democratic Senator Henry Jackson of Washington congratulated Reagan on his plan, but opposed reductions in Export-Import Bank loans, which help finance huge overseas sales by Boeing, a major employer in Jackson's state. Though he is one of the architects of the plan, Jack Kemp felt the need to promise his Buffalo constituents that he would fight any reduction in mass-transit aid to that city

Reagan's problem will be to keep his program from being riddled with such "exceptions" in one committee after another. To that end, his legislative strategists have discussed wrapping many of the budget cuts into some kind of superbill, but no conclusive strategy has yet emerged. Leaders of both House and Senate pledge fast action; House Budget Committee Chairman James Jones of Oklahoma even talks of having a big budget resolution passed by Aug. 1. That would require a miraculous change in Congress's customary slow-moving ways

The spending cuts probably will not be all that Reagan wants. In the Democratic-controlled House, Speaker Thomas P. ("Tip") O'Neill Jr. warned: "We're not going to let them tear asunder programs we've built over the years." The Budget Committee last week sent a letter to all 243 House Democrats suggesting as a goal the reduction of fiscal 1982 spending by $25 billion to $30 billion, rather than the $41.4 billion that Reagan proposes. A $30 billion cut might be acceptable to the President, but its composition is another matter. The Democrats as yet have little idea about what specific reductions they will accept

On taxes, the going will be much harder for Reagan. Chatting with reporters en route to California at week's end, the President said he expected difficulty "possibly more over taxes than over [spending]. There's still that belief on the part of many people that a cut in tax rates automatically means a cut in revenues." In Reagan's view, tax cuts would spur so much economic growth that in the long run the Government would collect more revenue even at lower rates.

One part of Reagan's tax program should eventually move through Congress with ease. The President urges a speed-up, retroactive to Jan. 1, in depreciation write-offs for business according to the so-

called 10-5-3 formula.* It is expected to reduce business tax bills by $9.7 billion next fiscal year and $59.3 billion by fiscal 1986, giving companies that much more to invest. There is almost no opposition: legislators of all ideological stripes consider such a rise in investment necessary to reverse the decline in U.S. productivity.

But even that change will have to wait a while. Though Reagan insists that spending and tax cuts should be put into effect together, the Democrats who control the House are adamantly resolved not to vote on any tax bill until all budget reductions are enacted, so that they can see how much revenue loss can be tolerated without producing ballooning deficits. Senate Majority Leader Howard Baker predicts that Congress may not finally pass a tax bill until 1982.

When the legislators do get around to voting on taxes, they will not enact the "simple and clean" income tax cut Reagan wants. Legislators, as always, will try to load the bill with all kinds of amendments: an increase in personal exemptions; further reduction of the capital gains tax on sale of assets, such as stock or real estate; an end to the "marriage penalty" that now forces many working couples to pay a higher tax on their combined earnings than they would if they were single and filing separately. To make room for such amendments, the cuts in basic income tax rates might well be shaved down; Democrats, in addition, want to reshape them to give proportionately more relief to lower-income groups. Finally, many Congressmen are leery of voting now to cut taxes well into the future. Says Illinois Democrat Dan Rostenkowski, chairman of the tax-writing House Ways and Means Committee: "There is no sentiment for a three-year cut."

Still, there seems little doubt that Reagan has sold Congress and the nation on the idea, if not the specifics, of a change in U.S. direction that would have seemed unthinkable a few years ago. As he flew to California for a weekend at his ranch, Reagan was his usual confident, joshing self. To a welcoming crowd he joked, "I know the ladies know about inflation. Once upon a time you used to put some money in your purse and go to the market and buy a bagful of groceries. Now you take a bagful of money, go to the market and bring your groceries home in your purse." White House aides were jubilant about initial response to the speech: 1,073 favorable phone calls in the first 13 hours, *vs.* only 92 negative. And back in Washington, Congressmen conceded that the President had seized the initiative. Said one congressional staffer: "The hard part is beginning. And it's ours, not his." *—By George J. Church. Reported by Laurence I. Barrett and David Beckwith/Washington*

*Companies would be allowed to write off the cost of buildings in ten years, of machinery in five years, and of vehicles in three years

The Presidency/Hugh Sidey

Scripture for a New Religion

Ronald Reagan's new beginning was not born, like the New Deal, from chaos or, like the Great Society, from the Texas-size ambition of a man who thought there was no limit to American can-do. But Reagan's vision was inspired by a little of each. He saw clear signals of profound economic stress ahead; he also carried in his head, for nearly two decades, the conviction that Government need not be so big and so expensive and he could do something to change it. A calamity loomed. Reagan supplied the religion. His experts wrote the scripture, verse by verse, for his approval.

That old pragmatist Franklin Roosevelt, whom Reagan idolized from the prairie long ago, was not at all sure just where he was headed; events swept him along, and he improvised to meet them. Some of Roosevelt's aides are still around town. They recall drafting new legislation in the Mayflower Hotel even as F.D.R. gave his Inaugural Address, then rushing the documents to members of Congress still in their toppers and frock coats.

Reagan's pace early last week was less frenetic, but it was urgent. He roamed from the Oval Office to the Cabinet Room to the Roosevelt Room, persuading, listening, editing. He breakfasted and lunched and dinnered with friends and adversaries and sent memos and made phone calls and ate an estimated 112 jelly beans. Even as he grew weary in those hours before the speech, he grew more exuberant and certain, bolder and more determined.

MILLER—LIFE

L.B.J. at the University of Michigan

It is one of the fascinating phenomena of power to watch the adrenalin build even as the flesh wants to sag. An aide going over the final version of the speech with Reagan was suddenly struck by the fact that this 70-year-old man "was enjoying the job of being President far more than he thought he would." The observer mused to himself that "few men get this special sense of satisfaction in their lives, the chance to do what they have been thinking and talking about for so long." Time and time again, in making decisions on budget and tax cuts, in giving instructions to his troops, Reagan would sigh, "I've been wanting to do that for a long time." His energy seemed to kindle with each thrust.

L.B.J. might have appreciated the upstart actor turned politician. Some indestructible core of optimism that was forged in the mad '20s and the Great Depression surged in Johnson, as it does in Reagan. One night Johnson ordered his aide Richard Goodwin to redesign the U.S. to abolish disease, ignorance and poverty. Goodwin wrote it out on his Smith-Corona, and Johnson gave it voice at the University of Michigan stadium. Reagan was a bit more in scale than the flamboyant Texan last week, but his people in his arena, a joint session of Congress, cheered and whistled as if their team were on the 10-yd. line and heading for a score. That Reagan was proposing to undo a lot of Johnson's "too great society" was another of the wonderful ironies of this risky moment in U.S. affairs. "Reagan is not the first person to talk this way," points out Harvard's Roger Porter, who worked in Gerald Ford's White House, "but Reagan is the first President to act this way." Reagan has burst upon the academic reveries of the historians and political scientists as something—at last—real. He is no longer celluloid. "There is a logic to his boldness," says Porter. "Something less would lead to a feeling of uncertainty. It is more difficult to achieve a modest change than a broad change where everyone is involved."

There comes a time in the business of playing poker and being President when you have to push in your whole stack, as L.B.J. used to say. Reagan has. Now the only way he is going to succeed is with success itself. Barber Conable of New York, the ranking Republican of Ways and Means, observes that soon there must be a perception of progress, of change no matter how small, if the "new beginning" is going to take root and grow. That feeling can come a hundred ways—from action on the Hill, from Reagan's speeches, from lucky outside events or from the simple desire of Americans for a nice guy to make good. But without some transfusion of hope in the early days of this crusade, it could collapse and bring Reagan and his movement to a sorry pass.

The new President has summoned the nation on an adventure full of risk. That is the way he remembers it always was and believes it always should be.

From the Schools to the Sewers

The budget surgery would affect just about everybody

Even more impressive than the depth of Reagan's proposed budget cuts is the breadth. The President is asking Congress to reduce future spending for no fewer than 83 programs that benefit workers, businessmen, farmers, students, artists, the elderly, the sick, the poor, passengers on airplanes, trains, subways, buses—just about everybody. He would lower federal support for museums, delay some space-exploration projects, reduce postal subsidies possibly enough to force cancellation of Saturday mail deliveries. He would give states and cities far more authority to decide how to use money sent from Washington for education and health purposes. Yacht owners would have to pay more to use waterways; air travelers higher ticket prices to make up for reduced airport subsidies. Here is a sample of what the President proposes to cut, who will be affected and how:

College Student Loans. Aid to college students—notably the Guaranteed Student Loan Program—will be cut by $803 million next year, or by about 16%. The cuts will be almost twice that in the following year. The loans, subsidized at 9%, are now available regardless of need; under Reagan's plan, families must prove they genuinely need loans to meet college costs. In addition, interest payments may no longer be deferred. Funding for Pell grants, which are direct scholarships to needy students, will also be reduced. Says John Phillips, president of the National Association of Independent Colleges and Universities: "The effect will be an overwhelming shift to cheaper, public-supported colleges." State college administrators agree; they fear that this influx will place a new strain on state and local taxpayers. In Reagan's budget message, the Administration countered that benefits "have become excessive," and "could be recklessly expanded over the next few years without reforms."

Comprehensive Employment and Training Act. Reagan plans to abolish the act's public service employment programs, which would cost more than $3.7 billion next year. They pay the salaries of 1,600 employees in city government and nonprofit agencies in San Francisco alone. Arkansas may lose as many as 2,500 workers, while New York City will dismiss 11,500. "Most of ours will end up going back on welfare," complains Ronald Gault, New York's employment commissioner. Yet of all Reagan's budget cuts, the controversial CETA program may be among the least missed. Says Cleveland Mayor George Voinovich, whose city has 500 CETA workers: "CETA was supposed to help us train people to do jobs in the private sector. But for years jobs in the private sector have been shrinking. It would have been more helpful to have used that CETA money to modernize our older industries and create jobs."

Dairy Price Supports. By stopping a price-support increase due this spring and cutting next year's subsidy 64%, the Reagan Administration would win smiles around a lot of breakfast tables: beginning April 1, the price of a gallon of milk (which currently is about $2.30) would drop nearly 15¢. Yet the dairy industry argues that such a drastic slash in price supports would devastate farmers, many of whom increased their herds over the past few years in anticipation of continued Government support. Says Patrick Healy of the National Milk Producers Federation: "We make no apologies for milk prices either. They were up 9% last year, compared with a 12.4% increase in the Consumer Price Index."

Economic Development Administration. This $1 billion program, designed to stimulate jobs in depressed areas, and its associated regional development commissions are being phased out. EDA projects, like the construction of public facilities, end up spending more than $60,000 for each new job; the regional commissions, according to budget officers, duplicate work done by states and municipalities. Democratic Senator Jennings Randolph of West Virginia, principal author of the 1965 legislation that created EDA, protests: "It ignores everything we've accomplished." But many mayors believe that the grants frequently were not effectively targeted.

Elementary and Secondary School Aid. The Administration plans to cut school aid 20% by consolidating 47 educational programs into two direct grants to state and local authorities. Currently, there are separate programs for the handicapped, illiterate adults, the poor, schools undergoing desegregation, and items like teaching the metric system. Atlanta School Superintendent Alonzo Crim is fearful that lumping federal aid into block grants means that it will no longer be targeted toward special needs. But Thomas Shannon, director of the National School Boards Association, says that grant consolidation could be beneficial. "If there is genuine deregulation, this would open the way for creativity and judgment by the local school districts to use the funds as they see fit."

Export-Import Bank. Cutting funds for this agency is an easy way for the Reagan Administration to show that business too must sacrifice. The program mainly affects some of the nation's large aircraft and heavy equipment manufacturers who sell expensive items overseas. The bank does so by either making favorable loans to the foreign buyers of American goods or guaranteeing financing arrangements made by private lenders. The purpose is to help the U.S. companies compete in foreign markets. Penelope Hartland Thunberg, a Georgetown University trade expert, insists that "the Ex-Im bank helps equalize this competition." Robert Kirby, chairman of Westinghouse Electric Corp., complains that the proposal to cut Ex-Im's funds is "a disaster. The bank has been profitable every year except this one." Other businessmen concede that if inflation were licked and productivity increased, U.S. goods would be fully competitive with their foreign rivals.

Farmers Home Administration. Since this agency spends some $14.5 billion a year among the nation's farmers and in small rural communities, it has strong backing from many of the nation's Congressmen. Reagan is proposing to chop only some $100 million out of FHA's 1982 outlays, but by reducing commitments for grants and loans to build water and sewage systems in small towns, future savings would grow substantially. The agency's most personal service has been to lend farmers who cannot get conventional loans the money they need to plant their crops, buy land or recover from adverse weather conditions. The Reagan Administration contends that other federal programs not aimed specifically at farmers cover some of the same needs.

Foreign Aid. When Budget Director David Stockman first floated the idea of drastic foreign aid cuts, Secretary of State Alexander Haig reacted like a challenged general. A diplomatic compromise was soon reached: a 26% cut, down to a $4.8 billion 1982 outlay. "I am not going to pretend the cuts were a flesh wound," says State Department Spokesman William Dyess. "There was bleeding, but we support the cuts." Strategically important commitments to Egypt and Israel will remain mostly intact, meaning that the cuts will probably come from development aid programs involving the Third World. Some experts argue that the Reagan Administration's emphasis on military assistance to threatened pro-Western regimes, if done at the expense of aid to neutral developing nations, could eventually hurt the U.S. economically. Warns Douglas J. Bennet Jr., outgoing administrator of the Agency for International Development: "The longer we delay the development of Third World countries, the smaller the markets will be and the less successful we will be in competing."

A Short Guide to Programs on the Block

TARGETS	PROPOSALS	PROSPECTS
Comprehensive Employment and Training Act (CETA)	To eliminate this $3.7 billion-a-year job-training program by the end of fiscal 1983.	Big Labor, minorities and local officials will fight, but the program will probably be phased out soon.
Medicaid	To cut more than $1 billion from this $18.2 billion program in 1982, allowing future increases only for inflation.	Opposition from Democrats, minority and medical groups, but cuts are likely because of fraud and lax administration.
College Student Loans and Scholarships	To cut the proposed 1982 budget of approximately $5 billion by $803 million by giving loans only for demonstrated need and requiring immediate interest payments.	Will hurt middle-class families, an important part of Reagan's support, but these have been abused and chances of congressional approval are good.
Elementary and Secondary School Aid	A reduction of 20% to $5.7 billion and consolidation of the 47 programs into block grants to states and school districts.	The removal of federal strings and interference is politically popular. Good chance of passage.
Trade Adjustment Assistance	To drastically reduce this $1.5 billion program by reducing benefits and providing them only after a worker's unemployment insurance has run out.	Labor will dig in for this protection against jobs lost to imports; some cuts are probable, but not all that Reagan requested.
Unemployment Insurance	To cut $1.2 billion in 1982 from this $18.2 billion program by tightening requirements for extended benefits in states with high unemployment, as well as requirements that recipients take available jobs.	Labor will fight hard, but prospects for major cutbacks look excellent.
Export-Import Bank	To reduce credit authority by 31%, boost interest rates and tighten repayment schedules, cutting 1982 outlays from $2.8 billion to $2.4 billion.	Will mainly affect profitable exporters, and should pass easily.
Dairy Supports	To eliminate price-support increase due in April and decrease outlays from $1.7 billion to $622 million.	These cuts would lower consumer prices, but the famously financed milk lobby may well succeed in reducing their scope.
Social Security Disability	To tighten eligibility and limit benefits so that they do not exceed a worker's previous after-tax income, saving $550 million from this fast-growing $19 billion program.	Veterans and minority groups will oppose, but chances are good.
Food Stamps	To reduce basic eligibility from families earning under $14,000 a year to $11,000, cutting outlays by $1.8 billion from $12.4 billion.	A big fight looms on a clear-cut ideological battleground; reductions may be limited to about $1 billion.
Foreign Aid	A reduction from $5.2 billion to $4.8 billion, most of it coming from development assistance rather than military aid.	Haig and Stockman have made their deal; no big fight here.
Economic and Regional Development	To eliminate all nonhighway funding, phasing out most of this $1 billion job-stimulation program.	More than $60,000 is spent for each job created by the E.D.A.; thus a very vulnerable boondoggle.
Arts and Humanities Endowments	To cut grants to the arts and humanities by 25%, saving $85 million, and to the Corporation for Public Broadcasting by a quarter, saving $43 million.	The country's most articulate lobby may delay and diminish some cuts.
Synthetic Fuels	To eliminate direct subsidies for six planned projects, leaving only a West Virginia pilot plant, and saving $864 million. Many loan guarantees would continue.	Will be an issue for legislators interested in new energy promotion. Odds are with Reagan.
Mass Transit	Gradual elimination of operating subsidies and grants for new mass transit rail projects, cutting 1982 outlays by $366 million from $3.7 billion.	Urban Congressmen will fight hard against reductions, but prospects look good for major cuts.
Social Services	A 25% cut, saving $2.5 billion, by consolidating 40 rigidly controlled categorical grants into direct block grants to the states.	Each pet project will attempt to save itself; numerous special-interest groups will fight to retain federal control.
Postal Service	To reduce the $1.5 billion in federal support by $632 million (the Postal Service's entire budget is $17 billion).	Ending Saturday deliveries would be politically unpopular, but Reagan's chances look good.
Waste Treatment	To cut $125 million from the $4.2 billion proposed for subsidizing water treatment.	There is a lot of admitted waste money as well as water involved in this program; chances of cuts are excellent.
Farmers Home Administration	A 25% cut in lending by tightening requirements, saving $100 million in 1982 and far greater amounts in the long run.	Farmers have come to depend on this omnipresent agency and will fight, probably unsuccessfully, to reduce cuts.

Mass Transit. The political clout of the nation's largest cities will be severely tested as Congress grapples with Reagan's plan to end all federal subsidies for the operation of mass-transit systems by 1985 and to cut capital grants by $270 million in 1982. Some Amtrak officials gloomily predict that the result will be the end of a national rail system by 1985. More immediately, Amtrak expects to have to stop running eight commuter trains daily between New York City and Philadelphia, putting thousands of people back into cars at a time when the nation is trying to conserve on energy. Without federal help, New York's deteriorating, deficit-ridden subway system might have to raise fares (currently 60¢) beyond the reach of the poor. Los Angeles would lose $67 million in annual aid to its bus system, leading Mayor Tom Bradley to complain: "We can only raise fares or cut service, and neither is acceptable when we've been encouraging people to ride buses."

Medicaid. Health-care costs in the U.S. have risen far more sharply than even the high rate of inflation. One result is that Medicaid, a program that cost the Federal Government about $2.5 billion in 1968, was expected to require $18.2 billion in 1982. Reagan hopes to cut $1 billion out of that amount and save up to $5 billion annually by 1986. He would do so mainly by setting a limit on the federal contribution to the program, which is funded jointly with the states, and letting Washington's support grow only to keep up with inflation. Thus the states would either have to bear most of the burden of any further rise in hospital, nursing-home and doctors' fees, or cut the number of people they accept for Medicaid benefits. There have been proven abuses in the program, mainly involving doctors who overbill for services, and some states have overly generous eligibility requirements. Still, slashing Medicaid, which differs from Medicare in that it aids those people under 65 who cannot afford the care they need, will force many poor people to postpone treatment of their ailments until they require hospitalization. Then someone must help them. A report by the Washington-based Children's Defense Fund argues that "as federal funds for preventive health services disappear, they will be more than replaced by state and county tax dollars spent on far more costly care."

Postal Subsidies. Congress created the semi-independent U.S. Postal Service in 1970, expecting that it eventually would become self-sufficient. Instead it kept running deficits, despite frequent hikes of its rates for delivering the mail. Not until last year did Congress insist on cutting its annual subsidy of $920 million by 10%. Now Reagan proposes to take another $632 million from the subsidy in 1982. The initial cuts would mainly affect county post offices and rural deliveries, as well as low-cost mass mailings by charitable institutions and churches. One endangered service: Saturday deliveries.

Social Security Disability Insurance. Costs of this program have soared from $2.3 billion in 1970 to a projected $19 billion in 1982, and it is ripe for curtailment. Nearly 3 million Americans now draw benefits because they are officially classified as disabled and therefore unable to work. Yet many continue to draw benefits after they have recovered from their ailments. The General Accounting Office estimated in January that up to 584,000 people who are "not currently disabled" still get some $2 billion a year in insurance payments. Reagan has proposed to remove ineligibles from the rolls, put a cap on benefits so that no person can draw from various disability plans, including workmen's compensation and veterans' programs, more money than he made while he was working. Reagan would also limit eligibility to people who worked six of the 13 previous quarters, rather than 20 of the past 40, as now required. The estimated savings: nearly $2 billion by 1984.

"Did we miss anyone?"

Social Services. By merging the funding for 40 separate programs into block grants to the states, the Administration expects to save 25% of the programs' budgets. Services that may be affected range from infant day care to homemaking assistance for the elderly. Opponents of the proposal complain that local agencies will now be forced to jostle for their money at the state level, rather than be assured of regular federal support. Protests Marian Edelman, president of the Children's Defense Fund: "What we have here is a wholesale attack on existing social programs without examining specifically what is working and what is not."

Synfuels. Of all the Administration's proposed cuts, the plan to eliminate the Department of Energy's $864 million in subsidies for synthetic fuel projects may have the least immediate impact. Most of the ventures were still on corporate drawing boards. The Administration now plans to change the mandate of the Synthetic Fuels Corporation by authorizing it to provide funds to experimental pilot projects (until now, it could finance only projects deemed commercially feasible). Nevertheless, Washington admits that the main initiative for synthetic fuel development will have to come from the private sector.

Unemployment Assistance. Reagan has launched a triple attack on two programs that help people who are out of work but could cost the Federal Government nearly $26 billion in 1982 if not curtailed. Most states now provide basic jobless insurance for 26 weeks, while the Federal Government supports another 13 weeks of payments when unemployment within a state reaches 4% or when the national rate of unemployment reaches 4.5%. Reagan would raise the state "trigger" to 5% and eliminate the national trigger completely. After 13 weeks, moreover, an unemployed worker would lose his benefits if he failed to accept an available job, even if it paid less than his previous one. Finally, Reagan would end the ballooning payments, under the trade adjustment assistance program, to workers who lost their jobs because of foreign competition. A former trade official argues that "those unemployed because of foreign competition shouldn't get better treatment than those unemployed because of domestic competition."

Waste Treatment. The Federal Government helps finance local sewer facilities that assure clean waterways and aid community expansion. The Administration proposes that only projects needed for environmental reasons, rather than for growth, will be subsidized, for savings of close to $2 billion a year after 1983. Ironically, this particular cut in Environmental Protection Agency funds would please many ecologists, who feel that subsidized sewer-line construction has led to urban sprawl. But the $4.2 billion program is politically popular with authorities in growing towns, where new sewer lines are a crucial and expensive basic priority. ■

High Cost of a Helping Hand

The long road to deficits has been paved with the best of intentions

The federal budget cuts proposed by the President look crisp and bloodless when summarized in tidy charts and statistical tables, but it is a very long way from the Latinate language of program descriptions to the bumpy realities of people and places those Washington moneys touch. Though inevitably some were born of boondoggling and hornswoggling in the give and take of American politics, most federal programs were conceived with the best of intentions, created to advance goals on which much of America agreed. To feed the hungry. To heal the sick. To train the jobless. To enable the nation's youth to go to college. To help American business compete abroad. To further the arts. To preserve the family farm. But whether misused or effective, each contributed to an ever growing cascade of federal largesse that the nation can no longer afford. TIME *correspondents examined a sampling of current programs across the nation, assessing how they worked and what the Reagan cuts might mean—for good or ill*

Worked Up over CETA

Joseph Lilley, 41, drives a van for Erie Independence House, a home for twelve handicapped people in Erie, Pa. He earns $4 an hour for a 40-hour work week, and his salary is paid by the Comprehensive Employment and Training Act (CETA), the federal jobs and job-training program founded in 1973. With four children and a wife on welfare, Lilley considers himself lucky to hold the CETA-funded post. "Before this job, I was on welfare," says Lilley. "I probably would have trouble finding another job because I have a prison record. CETA helps people like myself get going again."

Not any more, if the Reagan Administration succeeds in its plan to abolish CETA programs across the nation. In Erie, Lilley is one of 500 people currently paid by CETA and working for such nonprofit agencies as the Y.M.C.A. and the Red Cross or learning job skills in local training programs. In addition, CETA funded summer jobs for 500 of the city's youngsters last year. In the fiscal year ending Sept. 30, Erie will receive $5 million from CETA —a welcome transfusion for a decaying industrial city that is hemorrhaging jobs. The unemployment rate in Erie now hovers at 9.5%, against a nationwide rate of 7.4%. The Holiday Meat Packing Co. closed its doors for good two weeks ago, leaving 230 jobless; the Continental Rubber Works, which employs 320, will shut down soon.

Many Erie officials, not surprisingly, condemn the proposed slashing of CETA funds. Says Mayor Louis Tullio: "It's going to have a drastic effect on the nonprofit agencies, on the services they provide, and on the city of Erie." R. Benjamin Wiley, executive director of the Greater Erie Community Action Committee, which administers CETA programs, is even more vehement in describing the impact. "There's going to be more crime and more homicides," warns Wiley. "The bottom line is that if these programs are cut, you're putting more people out there on the unemployment line, and people are going to find other ways to get hold of money."

Similar fears are voiced by agency heads and CETA employees alike. "Without CETA, we'll have a serious problem," says Robert Harrison, executive director of the John F. Kennedy Center, a community organization that provides social services to about 3,000 families and employs six CETA workers, about 15% of its staff. Harrison predicts that the center will be forced to reduce sharply its day care and youth recreation programs, as well as curtail the hours of its health clinic. Howard McIntyre, 31, earns $30 a week while learning to be a machine-tool operator in a CETA training program; he now fears that he is headed for the unemployment line. "I got laid off two years ago because I didn't have enough experience," says McIntyre. "CETA helps you get that experience. It's a lot better than welfare."

Opponents of CETA funding, however, argue that many people employed in the program are not learning a craft, but are only filling menial jobs. They are thus not gaining the kind of work experience that prepares them for better positions. For those who are indeed learning a skill, like McIntyre, there is no guarantee that they will be hired in economically strapped Erie.

Mayor Tullio admits that abolishing CETA will not throw all 500 CETA employees out of work. He estimates that the nonprofit agencies will end up placing on their own payrolls as many as half of those currently paid by CETA. Says Tullio resignedly: "The things we're going to have to live without, we're going to have to live without." Meanwhile, most CETA workers are determined to find other jobs, rather than join the welfare rolls. "I'll try to find work," says David Goodwill, who is now paid $3.75 an hour by CETA to teach welding. "We'll just have to wait and see."

MICKEY OSTERRE CHER

David Goodwill teaching welding at CETA program in Erie, Pa.

"People are going to find other ways to get hold of money."

Farming, Thanks to FHA

Between 1959 and 1969, Derold Happel and his wife Brenda rented up to 300 acres of fertile farmland in Iowa's Benton County, northeast of Des Moines. They longed for land of their own, but they had no assets they could mortgage to get a big enough loan from local banks. A friend told Happel about the Farmers Home Administration. He borrowed $60,000 for 40 years at 5% from FHA and bought 120 acres of prime land with the cash. Today he owns 275 acres, rents 500 and farms 425 more for an absentee owner. Without FHA, Happel figures, he would still be just renting, or working as a farm hand.

FHA was set up in 1946 to help small farmers get started or stay in business when faced with high land costs, high interest rates and rising equipment or operational costs, as well as to recover from drought and other disasters. FHA has since become a helpful big brother to much of agricultural America. It aids in building water and sewage systems for small towns, and provides loans to construct low-cost housing for the rural poor. Last year FHA spent about $14.5 billion in loans and public construction grants. Reagan proposes to cut this lending by

Rick and Laura Happel with their children on Iowa land they cannot buy

25%, saving more than $400 million by 1986.

Even some FHA supporters concede that the program is not very efficient, since it helps relatively few people. Consider the town of Mount Auburn, Iowa, which needed a new water system to replace its shallow and inadequate wells. Mount Auburn turned to FHA, which provided $395,000 in grants and $140,000 in low-interest loans to build a new water system—for 187 residents. In Benton County, FHA spent $5 million to help an area with only 22,000 people.

A major criticism of the program is that FHA subsidizes inefficiency by providing marginal farmers with enough funds so that they will not have to quit the land. Contends John Lawlor, executive vice president of the Citizen State Bank in Belle Plaine: "They've kept people in business who should have been carrying a lunch pail." But Vernon Nelson, FHA supervisor for Benton County, is proud that his loans have contributed to the success of farmers who just need a little help in competing with the conglomerate operators. The argument over FHA boils down to one of practicality *vs.* sentiment, depending on how important maintaining family farms seems to be.

Cutting back on FHA will not help that old rural dream. Rick Happel, Derold's 22-year-old son, applied for an FHA loan last summer to buy some land of his own. He was turned down because the agency has no more money to lend. "A guy like me," he fretted last week, "might never be able to own land."

Calling in Student Loans

James Andrews, 19, the son of a Maine logger, taught swimming at the lake near his home in tiny West Paris for eight hours a day last summer, then put in a six-hour shift at a local restaurant. All that work was to help in what he calls his greatest achievement: being the first member of his family to go to college. Industrious and frugal, Andrews was impressed by Reagan's attack on federal profligacy and voted for him last fall. Now, however, Reagan has threatened Andrews' dream by proposing to slash $800 million from the student loan and aid programs that are his lifeline as a freshman at Bates, a small (enrollment: 1,450) liberal arts college in Lewiston, Me. Andrews' summer savings and the $35 a week he earns as a lifeguard at the college make little dent in the $7,500 tuition and board. Says he: "Cutting financial aid for students is not cutting fat, it's cutting lean."

The Guaranteed Student Loan authority provides federally subsidized 9% loans directly from banks to students. Other forms of financial aid are administered by the colleges themselves, based on their own determination of what the student needs. At Bates, where 62% of the students receive some aid, G.S.L.s provide $1.5 million in loans a year, as much as the combined total of all other student assistance programs financed by the college and Government. Average yearly G.S.L.: $1,750.

The dependence of Bates' student body on G.S.L. funds has grown more than sevenfold in the past decade. College officials say this growth is due to the increasing cost of education (tuition and board have more than doubled in ten years, but that is no greater than the inflation rate for the same period) and the shrinking disposable income of the American family. During this period, colleges have tried to accept students without regard to their ability to pay. Thus Bates' own scholarship fund, from private donations, has also increased, from $254,000 in 1970 to $1.4 million this year.

Bates President Thomas Hedley Reynolds acknowledges that "G.S.L. is a troublemaker. Abuses are growing, and I'm sure most administrators would agree it needs to be tightened up." The loans also provide some funds that even the colleges think a student's family should be capable of providing. Tales abound of families borrowing more low-interest G.S.L. money than they actually need for tuition and using some of it for other investments. The Reagan Administration says it wants to cut the program to provide for only the "truly needy."

The changes will hurt many middle-class families, who find tuition costs staggering even when given the chance to borrow at 9%. Because it threatens the dreams of much of his constituency, Reagan's proposed reduction of G.S.L. may be one of his most politically controversial moves. Families that in theory do not meet the new hardship requirements may find it difficult to raise tuition funds. In assessing a student's ability to pay for his schooling, Bates takes into account the family's assets—which may include things such as timber lots that cannot be translated into any form of ready cash.

Other student loan programs—notably those that are administered by the colleges—have collection rates as high as 98%. Reynolds argues that instead of being cut, as Reagan proposes, the G.S.L. program should be controlled by colleges rather than banks. This change would help guarantee that the loans would be applied toward real need and eventually repaid. Otherwise, says Reynolds, with costs continuing to spiral (next year's tuition and board are scheduled to jump to $9,000), Bates and other colleges may have to start basing admissions on ability to pay. Says he: "We can stand a lot of programs being cut if the Reagan Administration really tackled inflation. But if they only cut out these little programs and fold them into defense spending,

James Andrews at the Bates College pool

"Cutting financial aid is cutting lean."

the entire country is going to suffer."

The new requirements and restrictions will indeed make going to college more difficult. But Andrews' classmate Susanna Burger, who hopes some day to get a G.S.L. loan, understands what Reagan is trying to do. Her view: "Since there seem to be a lot of people not paying back their loans, I think it's logical to tighten up this whole program."

Playing for Time

Founded in 1889, the St. Louis Symphony is the second oldest major American orchestra (after the New York Philharmonic). For most of its history, it was a competent provincial ensemble of modest renown. Thanks to a string of ambitious musical directors (including its current American-born conductor, Leonard Slatkin) and the growing support of Missourians, the 101-member orchestra is now acclaimed far beyond St. Louis. It plays a full 52-week season, tours frequently and performs before appreciative home-town audiences in 2,700-seat Powell Symphony Hall, which visiting soloists have praised for its acoustical excellence.

Maintaining the quality of the St. Louis Symphony will substantially be more arduous under the Reagan Administration's budget cuts in the National Endowment for the Arts (NEA). Starting in 1971 with a grant of $100,000, the orchestra has received a total of $1.26 million from NEA. This year it expects $260,000. Although that amount seems small compared with the orchestra's $7.3 million budget, the NEA money is a grant that must be matched by private contributions. NEA funding stimulates donations; for example, the symphony received a special $1 million grant from NEA in 1977 that attracted $4.5 million in corporate and individual donations. "There's a multiplier at work," explains David Hyslop, the orchestra's executive director. "Every dollar spent by NEA on the arts generates another dollar—or two or three."

Those generated dollars helped the St. Louis Symphony erase old debts of $750,000, bolster its endowment fund to $7.5 million, and finance its first trip abroad (to the Athens Festival in 1978). Many cultural fund raisers fear that a cut-off of NEA funding will dampen the enthusiasm of pinstripe Medicis to give money to orchestras or museums. "Companies need a stimulus, and they also need practical help in deciding how to allocate funds to the arts," says Anne Murphy, executive director of the American Arts Alliance. "It's easier to contribute to projects that NEA has decided are worthwhile."

As proud as Missourians may be of their orchestra, some would not object if NEA funding was eliminated. "It is not unreasonable to cut spending for the arts when more important programs such as food stamps are in jeopardy," says Beatrice Schwartz, spokeswoman for the St. Louis Urban League. "The arts are a luxury in this country." But Anne Murphy argues that Washington's support of the arts is too miserly as it is. "The Federal Government already spends less money on the arts than the city of Vienna does," she says. "The Department of Defense last year spent over $51 million on military bands. The NEA's music budget for the same period was only $13.5 million."

T. MIKE FLETCHER

Members of the St. Louis Symphony rehearsing in Powell Hall

"The Federal Government spends less on the arts than Vienna."

For St. Louis music lovers, worries over NEA funding cuts may be premature: orchestra officials have no inkling of how much funding they will lose and, indeed, NEA may decide to channel its remaining dollars to a few well-established institutions like the St. Louis Symphony rather than spread the money around the nation. Nevertheless, orchestra officials are already mulling over initial money-saving measures, such as ending some outdoor concerts this summer and joint ventures with the Opera Theater of St. Louis. "We'll be hurt, but we'll survive," says Susan Switzer, the symphony's public relations director. "Other orchestras may not be so lucky."

Medicaid Pains

Medicaid is a governmental program with certain features Ronald Reagan would be expected to admire. Operating within only the broadest of federal guidelines, it permits individual states to determine who is eligible for its benefits, and lets the states decide how much doctors, hospitals and nursing homes can collect for the services they render. Georgia is one of the most tightfisted: it has stiff eligibility requirements and ranks 46th among the 50 states in Medicaid funds received annually from Washington, even though it is 13th in the population ranking of the states. Despite such frugality, Georgia expects to share in Reagan's proposed Medicaid cutbacks that would amount to more than $5 billion by 1986. One institution that particularly worries about those cutbacks is Atlanta's Grady Memorial Hospital.

Grady is a teaching hospital for Emory University Medical School. It has an array of specialized clinics and several doctors with worldwide reputations. For nearly 90 years Grady has also been the main source of medical care for Atlanta's poor. Last year a fifth of Grady's $80 million budget came from reimbursement for services provided to Medicaid patients. In 1980 the hospital served more than 300,000 outpatients in its jammed waiting rooms, clinics and stretcher-filled emergency rooms. An additional 42,244 patients competed for space in its 934 beds.

To be eligible for Medicaid at Grady, patients must meet the same low income levels as do persons who qualify for aid to dependent children, the most common welfare program in Georgia. The blind, the disabled and those over 65 also qualify. For each $1 that Grady spends on a Medicaid patient, the Federal Government contributes $2, under a sliding scale that permits Washington to help states with low per-capita income more than wealthier ones. Unfortunately, that ratio works in reverse when funds are reduced. Says Michael Yelton, director of public relations at Grady: "For every dollar we do not receive, we would have to cut $2 to $2.50 out of the budget."

If Medicaid is cut back, Grady's administrators fear that they may have to turn many poor patients away and eliminate some of the hospital's services. Noting the choices that might have to be made, Yelton suggests, "We might decide to keep the glaucoma clinic but drop the cataract clinic. We would just have to tell the cataract patient, 'I'm sorry. We can't see you.' " In offering reduced services, Grady doctors say, some patients with an easily remedied ailment may not get help until their conditions become far more serious—and also more expensive to treat.

But can't the state of Georgia, or Fulton and De Kalb counties, which help support Grady, take up any slack left by federal Medicaid cuts? Fulton already

Staffers and patients in the emergency room of Atlanta's Grady Hospital

supplies one-third of Grady's budget, DeKalb 7.7% and the state 4.1%—and none seem willing to vote tax increases to help out the hospital. Fulton County rejected Grady's plea to contribute an extra $7 million for its operation this year.

There have, of course, been abuses in Medicaid programs. Some Georgia doctors have turned in bills for more hours of service on Medicaid patients alone than they could possibly have worked on a 24-hour-a-day basis. Patients have abused the system in small ways by demanding appointments they do not really need. Civic leaders in Atlanta regard Grady as an indispensable asset. To its poorer patients it is something even more important. "If they cut the Medicaid budget, what's everybody going to do?" asked Gwendolyn Jackson, 53, who entered Grady's emergency room last week suffering from pneumonia. "Does Reagan think we enjoy being on Medicaid? He's cutting people who can't afford to be cut."

Banking on Ex-Im

One of the oldest names in the tractor business, J.I. Case Co. is the largest employer in Racine, Wis., a typically declining industrial city. Razed or boarded-up buildings give its downtown the look of a community under siege; the population has declined by 10,000 in the past decade (to 85,000), and last year only four one-family house building permits were issued. Case has gradually lost its share of the domestic farm-equipment market to more aggressive firms; after a brush with bankruptcy and a bitter history of labor strife, it is now part of the Tenneco conglomerate and is competing successfully for the huge worldwide market in tractors, large and small, and in heavy construction equipment. Nearly half of its sales are abroad, and its top export officials are worried, but far from panicked, over Reagan's proposal to cut funding for the U.S. Export-Import Bank in 1982 by $400 million.

To Case, as well as to many of the nation's large aircraft and power-generating equipment manufacturers, the value of Ex-Im is that it helps them compete with other industrial nations in selling high-cost items that require heavy financing. The bank either makes direct loans to foreign buyers of American products at reduced interest rates, or guarantees that private financiers of such purchases will not take a risk. The arrangements are vital, since European and Japanese companies, in particular, enjoy generous financial commitments from their governments. In the large contracts, notes Bill Chao, director of corporate planning for Case, "financing is make or break—even more crucial than a technological edge."

Case, for example, landed a $10.4 million contract last year with the Dominican Republic for agricultural and construction equipment primarily because Ex-Im offered the buyers a $3.5 million credit line for five years at 8% interest. In November another five-year credit at 7¾% helped Case sell a million dollars' worth of agricultural equipment to Israel. But as Ex-Im cuts back, warns Chao, "U.S. companies are vulnerable" to the heavy competition.

Still, Case officials sympathize with Reagan's budget-cutting goals. Jerome Green, Case's president, expects that lower corporate taxes and faster depreciation allowances will offset any loss of Ex-Im financing help. He notes that if the budget cuts "are evenhanded, we could benefit." Most important of all, he says, is to cut inflation. "If we can get inflation down, we could better compete in the marketplace," Green explains, adding, "If we don't, it won't matter what kind of financing terms we offer."

One City's Food Stamps

The group includes Chicanos, blacks, young drifters, backpackers, the aged and handicapped. Some are evidently needy, others perhaps not. All sit patiently in a musty anteroom of an old gray schoolhouse on Denver's shabby south side. The wait is long, sometimes half a day or more, for the chance to enter one of the pastel-colored, 6-ft.-sq. cubicles and apply for food stamps. Those who qualify take their ID cards and wait in line at a cashier's window for coupons redeemable for anywhere from $10 to several hundred dollars' worth of groceries.

"If I didn't absolutely need this, I wouldn't be here," says Jesus Vigil, 53, a former construction worker disabled in an accident. He draws $340 in disability insurance payments, from which he pays a $126 mortgage and partially supports a son. He has the papers that he hopes will convince the Denver food stamp program of his need: a $319 overdue utility bill and a $97 overdue water bill. "Food is so high," he says. "I just can't stay ahead." Vigil is allotted $33 a month. Each month, José Chavéz, 72, a retired sheepherder, is

Heavy equipment at J.I. Case Co. awaiting possible sale to foreign buyers

"Financing is make or break—even more crucial than a technological edge."

driven by his granddaughter three miles in order to collect his $10 in stamps. Says she: "It helps a little, just a little."

These drab monthly rituals have been going on for 16 years at centers like the schoolhouse on West Byers Place, ever since the Department of Agriculture expanded its food stamp program as part of Lyndon Johnson's War on Poverty. Currently, 12.5% of Denver's residents use the program (the nationwide figure is 10%), which provides an average of $138 a month to 24,000 households. Denver is a boom town. Yet because it is an urban area with lots of poverty as well as wealth, as many as 60,000 people there now depend on the stamps. More than half the families have some form of income—Reagan proposes to cut the maximum income for eligibility from $14,000 to $11,000 a year—but at least 10,000 of them claim to be out-and-out welfare cases. Approximately 25% are elderly, disabled and handicapped. Eligibility requirements have been tightened in the past two years in an attempt to eliminate college students and those not in true need, but the rolls keep growing. In Denver, the number of families receiving food stamps increased by more than 1,000 in January.

Nationwide the figures are even more astounding. In 1964 the Federal Government spent $1.8 million on food stamps. This year, with some 21 million Americans getting aid, the cost is $11 billion. The number of recipients leaps by as much as 750,000 each time the jobless rate goes up a percentage point.

A major problem is widespread fraud and abuse. In Denver, a person with practically any form of identification, even a library card and a utility bill, can falsely present himself as, say, the unemployed father of six children and within three days get a month's supply of stamps worth up to $367. Since the Denver office has only two full-time investigators, it may be months before he is caught. Even then, cases are rarely prosecuted; most often, after a cumbersome administrative hearing, the recipient may be temporarily disqualified or ordered to pay $5 or so a month in restitution. The fact that 70% of those who claim to be unemployed never subsequently register at a state employment office, as regulations require, indicates that fraud is rampant. The Denver program, its administrators concede, is taken for at least $90,000 a month; the true figure is probably much higher. The horror stories abound: the woman who got stamps under five names, the three men who together used 27 names.

Unfortunately, cutting costs creates a catch-22 squeeze. Even before Reagan proposed a cutback in the program, Denver had reduced its administrative staff from 173 workers to 83. This made it all the harder to catch cheaters and carefully to determine eligibility. Says Program Assistant Rosemary Engard: "We are stretched so thin that more errors are bound to occur. The paperwork has become horrendous."

Food stamps play an important role for the truly needy. "It has meant the difference between some degree of nutrition and ill health in thousands of cases," says Denver Program Director Ronald Rice. But despite such good intentions, and the good work that results, the food stamp program leaves a lot of room for tighter cost controls ■

Big Labor Cries "Foul!"

While interest groups throughout the country were digesting President Reagan's economic plan last week and groping toward protest or endorsement, labor leaders were practically organized for the occasion. Reagan's speech coincided with the winter meeting of the AFL-CIO executive council, a group made up of heads of 32 major unions representing 13.6 million workers. Skies were cloudy above the Bal Harbour, Fla., meeting, which was dominated by behind-the-scenes discussion of Reagan's program.

Generally, and perhaps expectably, the reviews were bad. "A high-risk gamble with the future of America" was AFL-CIO President Lane Kirkland's verdict. Said he: "Workers and the poor take the lion's share of the risk. The only sure winners are the wealthy, whether they are individuals or corporations." Echoed Jerry Wurf, president of the American Federation of State, County and Municipal Employees: "What we are seeing is the beginning of an Administration that will do two things—reward the rich and screw the poor." William Winpisinger, liberal head of the machinists union, advocated giving the Reagan program a chance—if only to show workers how insensitive a Republican regime can be. Noted Winpisinger: "This is not a society accustomed to austerity."

Senate Majority Leader Howard Baker and U.S. Special Trade Representative Bill Brock brought White House assurances that the Administration would listen to labor. Yet their presence had little effect on the general mood of high anxiety. Indeed, Labor Secretary Raymond Donovan created some of his own. After an hour-and-a-half meeting with the council, Donovan emerged to tell the press: "Many stood up and said, 'Give the President a chance.' " How many? Donovan "sensed" about half. Some labor leaders present had a different count. "Nobody stood up," said Glenn Watts, head of the Communications Workers. Not an auspicious beginning for a Labor Secretary.

RAY FISHER
AFL-CIO President Kirkland

The AFL-CIO asserts that the President's policies will bring misery to its members and, in the end, cost more than a million jobs. So the labor leaders are pushing a few alternatives to the Reagan spending cuts. They would prefer to lower federal budget deficits by reducing interest rates through selective credit controls and reduce unemployment through direct jobs programs. They are flatly opposed to such pet Republican proposals as a subminimum wage for teen-agers and the dismantling of the Occupational Safety and Health Administration. In addition, the union believes that individual tax cuts should be focused on middle- and lower-income groups through a 20% reduction in Social Security taxes.

But the AFL-CIO is likely to have its own problems in selling a program. At present, it is a house divided among 105 unions that include conservative construction workers, government employees, garment workers who make an average of $6,500 a year and airline pilots who sometimes earn more than $100,000. As a result, Reagan's promises of tax relief last November were appealing to many of the nation's better-paid union members. Though the AFL-CIO officially supported Carter, many among the rank and file refused to go along. In a postelection poll of working-class wards and precincts, the AFL-CIO found that only 58% of union members voted for Carter.

Eagleburger (left) meeting with Foreign Minister Hans-Dietrich Genscher in Bonn

Winning Hearts and Minds

U.S. officials launch an offensive over El Salvador

"The insurgency in El Salvador has been transformed into a textbook case of indirect armed aggression by Communist powers." With that stark assertion, the Reagan Administration last week launched a carefully orchestrated campaign to demonstrate that the Soviet Union, Cuba, Viet Nam and other Communist nations have been smuggling arms to the leftist guerrillas in El Salvador. The Administration's motive is to win support for increased U.S. military aid to that strife-torn nation, and the intensity of the effort is stunning.

A U.S. delegation headed by Lawrence Eagleburger, Reagan's choice as Assistant Secretary of State for European Affairs, visited five European capitals with fresh evidence of Soviet-bloc mischief. Another team of U.S. envoys, headed by Lieut. General Vernon Walters, set out for Latin America. Secretary of State Alexander Haig headed for Capitol Hill to brief congressional leaders. The State Department provided embassies of friendly governments in Washington with a lengthy memorandum detailing its evidence. This week the Administration will cap its campaign with the release of a "white paper" summarizing its case that, as one State Department official put it, "El Salvador is an East-West conflict."

In what proved to be one of the most complex intelligence assessments conducted since the 1962 Cuban missile crisis, officials at the State Department, the Central Intelligence Agency, and the Defense Intelligence Agency worked feverishly for more than two weeks assembling the evidence. Many of the details were provided by a clearly prejudiced party —the Salvadoran armed forces—and had to be double-checked. U.S. officials then had to tailor a presentation for foreign officials that would not compromise intelligence sources in Central America.

In the most dramatic briefings of the week, Eagleburger offered his European listeners a chronological summary of Soviet-bloc efforts to arm the rebels. He described how, over the past two months, Soviet-built transport planes have been flying from Cuba to Managua, Nicaragua, and unloading a variety of American- and European-made arms, which are eventually smuggled into El Salvador. He backed up his assertions with a slide show that included blowups of documents allegedly written by a Communist guerrilla leader and detailing commitments made by Viet Nam, Ethiopia, the Soviet Union and East European nations to provide military hardware. Perhaps the most dramatic evidence was a series of photographs of a tractor-trailer said to have been captured in Honduras. Underneath the trailer's false bottom was a cache of about 150 M-16 assault rifles. Serial numbers on U.S. weapons recovered from the guerrillas have been traced to the arsenal left behind by U.S. forces in Viet Nam.

West European officials were somewhat surprised that, as one top British diplomat put it, "the first business of the U.S. with its European allies should turn out to be El Salvador." Yet they seemed uniformly impressed by the evidence and grateful to the Reagan Administration for consulting with them. "We are now inclined to believe that arms of a certain precise origin are being used with the aim of destabilizing El Salvador," admitted a French official last week.

Bonn, Paris and London all expressed concern, however, about just how far the U.S. should go in supporting the military-civilian junta now ruling El Salvador. West German Chancellor Helmut Schmidt is in an especially uncomfortable position, since leftists in Schmidt's own Social Democratic Party support the Salvadoran guerrillas. Officials in all three capitals made it clear that they would like to see the U.S. strive for a negotiated settlement between the warring factions in El Salvador rather than risk escalating the conflict by supplying more arms. Officials in Bonn and Paris also asked the U.S. to urge the Salvadoran government to demonstrate greater respect for human rights —an indication that the Reagan Administration's reluctance to press friendly regimes on their human rights records may not be shared by some allies.

On his mission to Latin America, Walters, formally deputy chief of the CIA, visited Mexico and Venezuela, and this week he plans to stop in Brazil, Argentina and Chile. Though Walters conferred with Mexican President José López Portillo, neither country would confirm the meeting publicly; Mexico sympathizes with the Salvadoran guerrillas, and Walters' visit could be an embarrassment.

Congressional leaders responded favorably to the briefings. Senator Charles Percy, chairman of the Senate Foreign Relations Committee, vowed that "this nation will do whatever is necessary to prevent a Communist takeover in El Salvador." He added: "We are prepared to draw the line here, here and now." Nevertheless, Percy warned Haig that the U.S. must also insist that the junta step up its search for the murderers of three American nuns and a lay religious worker killed in El Salvador last December.

Indeed, there was growing concern, in Congress and in Europe, that the Administration is turning a blind eye to the Salvadoran junta's faults and is prepared to offer military assistance without qualification. To quell such fears, the State Department issued a statement last week emphasizing its support of "basic economic and political reforms, including elections in 1982-83," in El Salvador.

Meanwhile, TIME has learned that Washington is debating whether to send Army mobile training teams to El Salvador. The teams, composed of half a dozen soldiers, are typically sent to foreign countries to instruct infantry units in such subjects as weaponry and reconnaissance tactics. Team members are not combat advisers, and congressional approval is not required to send them to El Salvador. Nevertheless, the proposal is generating controversy in both Washington and San Salvador. Defense Secretary Caspar Weinberger told the State Department last week that he could not go along with the plan. Salvadoran government officials fear that if they accept the teams they will be admitting they need outside help to defeat the guerrillas. Still, leftist guerrillas are beginning to skirmish again with Salvadoran soldiers, scarcely a month after the defeat of the insurgents' self-proclaimed "final offensive." Authorities in San Salvador are predicting a long struggle—and it is one in which U.S. soldiers could possibly find themselves under combat fire. *—By James Kelly. Reported by Roberto Suro/Washington with European and Latin American bureaus*

City of Fear

Progress, but still no breakthrough in Atlanta

With 20 black children missing or murdered since July 1979, Atlanta is increasingly a city of fear (*see* BEHAVIOR). There are indications, however, that a strenuous police investigation into the killings is beginning to show at least some progress. TIME learned last week that law-enforcement officials think they know who killed "two or three" of the children. These murders, though, are apparently isolated crimes, allegedly committed by black individuals against children they knew. Officials still believe that there is a "pattern" murderer who is responsible for most of the killings. Some authorities also

Police recover body of Atlanta child

Searching for a "copy cat" killer.

believe there may be one or more "copy cat" killers. The pattern, many blacks fear, is part of a racial plot or vendetta. Still, there have been no arrests, and authorities do not consider their new findings to be a breakthrough.

Atlanta's 35-member police task force, which is being aided by the FBI, had two new cases last week. Curtis Walker, 13, was reported missing on Feb. 19, when he failed to return home from a job at a snack bar in northwest Atlanta. The task force is also hunting for Darron Glass, 10, who was last seen in September. The death of Aaron Wyche, 10, whose body was found last June in De Kalb County beneath a railroad trestle, was originally classified an accident; investigators have now determined that his death was due to asphyxiation and was similar to some of the other cases.

Just two weeks ago, Patrick Baltazar, 11, had been found asphyxiated behind an office building in De Kalb County after he had disappeared from the Omni amusement complex. Medical examiners have ascertained that Baltazar was strangled by a rope in the same manner that Terry Pue, 15, was killed three weeks earlier. Fibers found with Baltazar's body may provide evidence that links his death with five others. A dental assistant, who said that she had seen a man in a green car near the place where Baltazar's body was discovered late the same day, was hypnotized by the FBI to help her remember the auto's license number.

The investigators have also given lie detector tests to parents and begun helicopter surveillance over remote areas of the city's south side. Retired police officers have been questioning drunks drying out in county and city jails. Information is being fed into a computer to determine any common threads of evidence—a blue car, say, or a bearded stranger in a neighborhood. Authorities even called in a psychic from New Jersey. Says Public Safety Commissioner Lee Brown, who is black and worried himself about his ten-year-old twins: "You usually have an eyewitness, or a confession, or a great deal of physical evidence. We have none of these."

The investigation has been a steady drain on the police budget. Atlanta Mayor Maynard Jackson has asked for additional state police to help free more Atlanta police to work on the murders. The city is offering a reward of $100,000 for information leading to a solution of the crimes. Entertainer Sammy Davis Jr. has offered a benefit performance in March to help raise funds for the police. Said Frank Sinatra: "I'll be there too."

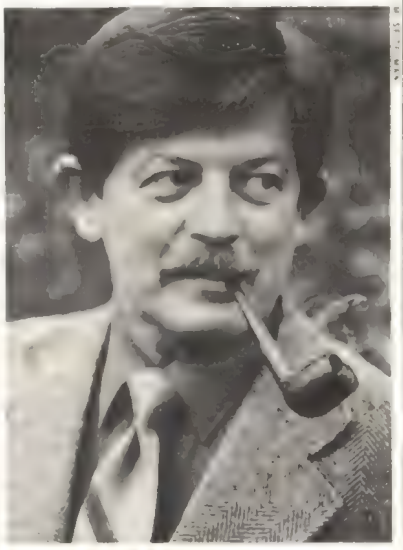
Vice President George Bush last week dispatched a task force from Washington to coordinate federal assistance. In an attempt to halt the body count, the Atlanta city council has barred youths under 16 from city streets between 7 p.m. and 6 a.m. unless accompanied by someone 18 or older. Parents can be fined after a child's first violation. Says Camille Bell, mother of one slain child: "When your city council passes an ordinance that is in violation of the U.S. Constitution, that shows how scared we are." ■

Attaché Case

A night in the Ukraine, a fast goodbye to Moscow

When Assistant Army Attaché James Holbrook, 41, left Moscow one day last January for a routine reconnaissance trip deep into the western Ukraine, he had no intention of partying along the way —particularly not at a bacchanal funded (and photographed) by the Soviet secret police. But just hours after arriving in the small city of Rovno (pop. 167,000), sources say, Holbrook's traveling companion —a fellow U.S. Army attaché—was drugged, and Holbrook himself obliged to fend off an incipient blackmail scheme. The uncompromised pair returned to Moscow immediately. In keeping with U.S. procedure in such matters, Holbrook was whisked back to the U.S., his 21-month-old assignment to the Soviet Union at an abrupt and curious end.

Most of the details of Holbrook's Ukrainian misadventure—and exactly how far the entrapment attempt progressed before Holbrook grew suspicious and fled the party scene—remain top secret. (The Soviets claim he was caught with a woman in his Rovno hotel room.) Nor is there any firm consensus about Soviet motives in attempting to compromise Holbrook, or pretending to attempt to compromise him. The leading theory among U.S. officials is that the Soviets considered Holbrook an especially acute pest: he speaks perfect Russian and had made many friends among the Soviet military. The Soviets regard the dozen or so U.S. military attachés in Moscow as little



James Holbrook in Washington

"An obvious no-comment situation."

more than spies anyway. Indeed, Holbrook and his unfortunate fellow tripper —Lieut. Colonel Thomas Spencer, still among the American officers who work out of the Moscow embassy—were headed toward a particularly sensitive area: Lvov, a Soviet military headquarters city only 40 miles from the Polish border.

Intriguingly enough, just weeks before the Rovno incident, Holbrook was one of four Army officers recommended for a job as Vice President George Bush's aide-de-camp. Was Holbrook the target of a long-shot plot to slip a Soviet "mole" into the White House? An attractive speculation, but doubtful. Says a State Department expert: "The KGB can be much slyer than this when it is really recruiting a spy."

Holbrook, now reassigned to the Defense Intelligence Agency in Washington, calls the affair "an obvious no-comment situation." But if the Soviets merely wanted to neutralize an effective military attaché, then their attempt, however clumsy, was a complete success. ■

Americana

We're No. 1

Each week of last year, the average nonagricultural U.S. worker toiled for exactly 35 hr. 36 min. Because of that effort, America can now claim title to a dubious superlative: world's shortest work week.

That distinction was bestowed last week by the International Labor Organization in its latest study of global work patterns. The news will be cheering to those patriotic dawdlers, clock watchers and absentees who have selflessly dedicated themselves to making the U.S. No. 1. No longer must Americans play second time clock to the once lackadaisical Belgians; those benighted strivers had the cheek last year to *add* half an hour to their average work week, bringing it to 35 hr. 48 min. That was still far less diligent than the hapless Egyptians, whom the I.L.O. calls the world's longest workers, at 56 hours and counting. Yes, hard work may have built this country, but it never put us in the record books.

Cracking the Code

In Stowe, a Vermont village tucked between well-worn ski slopes and hard-scrabble homesteads, temperatures of −30° do not surprise. Frigidity being the stepmother of invention, David Putnam two years ago became proprietor of Stowe Woolens, Ltd., a manufacturer of sweaters and ski caps.

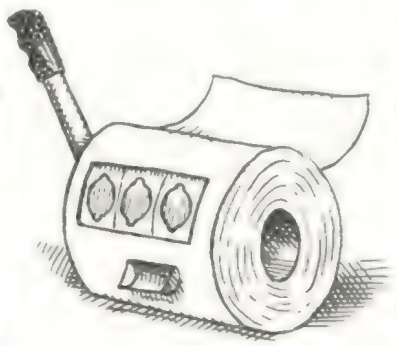
Putnam supplies yarn to 25 or so knitters, who work at home on machines they buy from manufacturers for $350 and up. Each worker is paid, in venerable cottage-industry fashion, by the piece. The knitters seem to like the arrangement just fine. The U.S. Department of Labor does not. Although never actually sued by the department, Putnam is apparently in violation of Title 29, Chapter V, Part 530, Subsection 2, of the Code of Federal Regulations, which, as any citizen knows, prohibits homework in the knitted outerwear industry.

Putnam protested that the 1941 rule, originally aimed at curbing sweatshop abuses, was mere federal knitpicking. It does not, for instance, ban homework in the unknitted outerwear industry. The department agreed to review the rule, and last week Putnam—along with 32 other witnesses from businesses, trade groups, unions and officials of six states—had his say at a hearing in Washington. "Cottage industry once played an honorable part in America's heritage," he declared afterward. Department officials did not say when, if ever, they might get around to changing the rule. In the meantime, Putnam's workers can stick to their knitting —and wish the Labor Department would stick to its.

Tissue Tussle

When Brenda Sanchez of Fremont, Calif., came home from a local grocery store last summer, her son noticed a package of Soft 'n' Pretty toilet tissue with a ticket for a promotional game called Scott Cash. As he scraped away the silver coating over a tic-tac-toe grid, he discovered that he had won $1,000. The elated Sanchez family promptly sent the ticket, as stipulated, to Scott Paper Co. in Chester, Pa., by registered mail. After a month went by without a word from Scott, Martin Sanchez called the firm only to be told that someone had signed for the ticket, but no one could find it. Sanchez sent them a photocopy. Two weeks later, Scott pronounced his entry invalid, claiming it had been improperly altered.

A tissue of lies, said Sanchez. He hired a lawyer and headed for small claims court. In January he won his case, but Scott turned hard 'n' ugly: it appealed. With a court date set for March, Scott last week raised the white hanky and promised to send Sanchez a check for the $1,000 and $500 to cover expenses. Moral: don't squeeze the Sanchezes.



Blowing Smoke

A few weeks from now, Ted Eriksen, the Mendocino County, Calif., agricultural commissioner, will publish his annual crop report. It will be seriously in error —not for any lack of meticulousness on Eriksen's part, but because his bosses will not let him mention marijuana.

In last year's report, Eriksen matter-of-factly stated that pot patches provided far more farm income in Mendocino County—he estimated 1979's harvest at $90 million—than any other cultivated crop. Says Eriksen: "I thought it was a realistic thing to do." The county board of supervisors did not: when the smoke cleared, Eriksen had torn the offending page from every copy of his findings and promised never to report on m————a again. So this year, wine grapes will be called the county's biggest agricultural moneymaker. But that is a politician's pipe dream.

Best Little List in Texas

The brothel run by Theresa Brown in San Antonio may not have been the best little whorehouse in Texas, but from all appearances its business was satisfactory. Brown kept a list of clients that allegedly included the names of some 3,000 prominent south Texas politicians, judges, businessmen and sports figures. After her establishment was raided by police last October, Brown gave the list to Armandina Saldivar, a writer for *El Pueblo*, a local newspaper that appears about once a month. When Brown was convicted of "aggravated promotion of prostitution," the paper began laying plans to publish the names.

Not so fast, said Brown, who is seeking a new trial. She obtained a temporary restraining order blocking publication. Last week the paper managed to get the order lifted, and *El Pueblo* printed the first 19 names; editors are now busily preparing to run off 40,000 copies of the remainder of the list. No one in San Antonio doubts who the first 3,000 buyers will be.

1981 FORD BRONCO: MILES AHEAD IN MPG AND ADVANCED DESIGN.

BEST SIX UTILITY MPG

18 EPA EST. MPG.* **24** EST. HWY.*

Standard 4.9L (300 CID) Six with 4-speed overdrive transmission option.

Bronco, the 4-wheel utility economy champ. It's the family 4-wheeler totally redesigned last year for the needs of the 80's. The only one that can give you advanced features like tough, independent front suspension and optional 4-speed overdrive transmission to boost fuel economy, particularly at highway speeds. Any way you figure, you're ahead in a tough Bronco!

Built Ford Tough

20% Better gas mileage for the '81 Bronco over last year's 6-cylinder estimated MPG.

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For Ford Bronco. Helps improve fuel economy.

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Front hubs run free on highway, lock automatically when you shift to 4WD.

TOUGH Twin-Traction Beam
Independent front suspension to step over bumps for a stable ride.

*Compare these estimates with others. Your mileage may differ depending on speed, distance and weather. Actual highway mileage will probably be less. California estimates lower.

FORD

FORD DIVISION

ASIA

Mission To the East

The Pope on human rights—and wrongs

After eight international tours that have covered 15 nations, tumultuous motorcades and clamoring multitudes have become familiar when Pope John Paul II is on the road. But the papal procession across the Philippines last week—his ninth foreign journey and his first to Asia—also displayed ample elements of stagecraft along with spontaneous outpourings of devotion.

On the one hand, there were memorable eruptions of unprogrammed exuberance. At Manila's Baclaran Church, John Paul's mere appearance sent 2,000 nuns into a wave of near ecstasy. During a pep rally at the University of Santo Tomás, tens of thousands of students lustily chanted "J.P. Two, We Love You —You Are Super." The highest pitch came in Cebu, the cradle of Philippine Catholicism, where the city's population doubled for the day. Thousands had waited in the open air since the previous night to catch a glimpse of the Pontiff.

There were also rehearsed spectacles that were part of a careful plan laid down by autocratic President Ferdinand Marcos and his powerful First Lady Imelda, who had much to gain from a festive association with John Paul. Everywhere, as if on cue, Filipinos were on hand to enact earnest welcoming playlets, sing, dance or pose as "tribesmen" in outdated garb. During one motorcade, a phalanx of trained water buffalo knelt in reverence just as the pontifical car swept by, while at another point a beaming bride and groom in a mock wedding paused in mid-ceremony to wave to the Pope from a bamboo roadside chapel.

Throughout, the Filipinos saw and heard a many-sided Pontiff. John Paul was, as always, the charismatic Pope who set multitudes cheering. He was the political Pope, at once scolding his presidential host with a sermon on human rights and admonishing priests and nuns against revolutionary activism. He was the diplomat-Pope, extending an olive branch to the People's Republic of China and appealing for Muslim-Christian harmony on blood-soaked Mindanao. He was the doctrinaire Pope, zealously condemning artificial birth control in a nation with one of the most rapidly growing populations on earth. And he was the pastoral Pope, fondly kissing each member of a delegation of deaf-mutes, or impishly chiding singers who struggled through a rendition of the song *Sto Lat* (100 Years) in Polish. "The melody is good," he laughed, "the words so-so."

It was the second papal visit in only a decade to Asia's one predominantly Christian nation. Pope Paul VI had gone in 1970, and narrowly escaped serious injury when a crazed man attacked him with a knife. John Paul, history's most traveled Pope, laid on a punishing 20,000-mile, twelve-day itinerary that included an initial stopover in Muslim Pakistan on the way to Manila, and was to be followed this week with a stop on Guam, four days in Japan, a touchdown in Anchorage, Alaska, and a first-ever papal flight over the North Pole en route to Rome.

The journey in the Philippines was officially billed as "pastoral," and included a beatification ceremony in Manila's Luneta Park. But the Pope knew he was ministering to a troubled flock. Just last month, in an effort to stave off criticism in advance of John Paul's visit, Marcos had slightly softened his autocratic rule by de-

MATTHEWS—GAMMA LIAISON

Standing in the sunroof of his motorcade car, the Pope waves to an exuberant Manila crowd. Above,

left to right: President Marcos and Imelda viewing beatification; crowd waving Philippine and Vatican flags; Pontiff blessing throng

creeing an end to more than eight years of martial law. It was largely an empty gesture; the President retains most of the government machinery in his own hands.

The long absence of democracy had deepened rifts in the country—rifts that have polarized the Philippine church. Some of the 7,000 nuns, 4,500 priests and 99 bishops support the Marcos regime, but many others openly criticize its social and economic priorities and have spoken out against political abuses or military atrocities in never ending counterinsurgency campaigns. Seeking to throw some sort of unity over this divided church has been Manila's Jaime Cardinal Sin, 52, who follows a policy toward the Marcos regime known as "critical collaboration." Lately, Sin has been more critic than collaborator, however.

Into this arrived John Paul II, carrying his own message of muscular but peaceful Christianity. He went to preach human rights to the Marcoses and moral obligations to the Philippine people, to speak of a revolution of the spirit rather than of the gun, to depoliticize the church and dissociate it from the political left and political right.

From the outset, the Pope wasted little time before plunging into polemics. Within eight hours of his rousing arrival at Manila International Airport, John Paul was feted at a formal reception in Malacañang Palace, the glittering presidential mansion. With the Marcoses seated stiffly at his side, he scolded the President in some of the sternest language that diplomacy admits. He said that he was pleased at "recent initiatives"—meaning the lifting of martial law—but proceeded to challenge the rationale upon which Marcos had built his strongman rule. "A legitimate preoccupation with the security of the state," warned the Pontiff, "could lead to the temptation to subjugate the people, their dignity and their rights to the state."

Discarding a prepared reply, Marcos seemed chastened in his first response. "Forgive us, Holy Father. Now that you

are here, we resolve that we shall wipe out all conflicts and set up a society that is harmonious, to attain the ends of God." After the Pope, the President, the First Lady and their two daughters had retired for a 50-minute conversation, Marcos emerged looking unusually solemn. He later went on television to report that in private the Pope had expressed concern over "the influence of the liberal as well as the Marxist elements in the church." Said Bishop Francisco Claver, an outspoken anti-Marcos progressive: "The visit is going as we feared. It's being used by the government."

It is a continuing paradox of John Paul's pontificate that he exerts profound personal political impact at the same time that he pleads for a less politicized priesthood. In the Philippines, that meant criticizing Marcos at the palace, while issuing, in meetings with nuns and priests, now familiar warnings against direct political action. Partisan politics and concerted social action, said John Paul, should be left to the lay Christians, while the clergy provides spiritual leadership.

The political tension was nowhere more evident than in a midweek visit to the Tondo section of Manila, one of the most notorious slums in Asia. It was there in 1970 that Paul VI had dramatically entered the shack of a modest laborer, Carlos Navarro, and had given him $500. Tondo this time became another Marcos stage setting. The Pope appeared in a square that had been beautified with a manicured park and freshly painted public housing. Just two blocks away lay the ramshackle shanties and filthy, unpaved alleyways. In his speech, John Paul renewed his plea to help the poor, who are "trapped in injustice and powerlessness." But, paradoxical again, he also cautioned the poor that "violence, class struggle or hate" cannot produce true liberation.

The failure of the papal party to explore the slum was due not only to stage-managing but to justified worries about the Pope's safety. Police had earlier received a tip that a religious cult was bent on assassinating John Paul. Jitters increased when a student plunged toward the Pope during the frenzied youth rally at Santo Tomás. Even before he reached the Philippines, during the stopover in Karachi, a handmade bomb had gone off, killing a man who appeared to have been holding it just before John Paul arrived to celebrate a stadium Mass for 100,000.

After Tondo, the Pope moved to the bayside park for the lavish outdoor beatification, the first held outside Rome in modern times, for 16 martyrs slain for trying to preach the Gospel in 17th century Japan. One of them from the Philippines, Lorenzo Ruiz, thus became his country's first candidate for sainthood. That night, after the ceremony, at a meeting with ethnic Chinese from several Asian nations, John Paul issued his most direct appeal yet for normalized church relations with Peking. "Whatever difficulties there have been," he said, "they belong to the past, and now it is the future that we have to look to." From China, however, came a less than enthusiastic initial response. Bishop Michael Fu of Peking, a spokesman for China's "Patriotic" church, which broke ties with the Vatican more than two decades ago, said: "It will be very difficult to alter the present situation." For one thing, he asked, was the Vatican prepared to end its diplomatic recognition of Taiwan?

LOCHON—GAMMA/LIAISON

Jubilant faithful with parasols follow motorcade in Cebu

The melody was good, but the words were only so-so.

After a bit of sleep, the Pope was off to the port city of Cebu, where the chaplain to Explorer Ferdinand Magellan said the Philippines' first Mass in 1521. There John Paul was accorded his most thunderous welcome. Cheering, weeping crowds along the route engulfed the papal car. The jubilant procession carried the Pontiff to an airfield, where he celebrated Mass beneath an 80-ft. cross carved from the trunk of a palm. Prominent on the altar, in the Pope's honor, was a replica of Poland's omnipresent Black Madonna, constructed of butterfly wings.

There John Paul reaffirmed his stern opposition to priests marrying, divorce, polygamy, abortion and artificial birth control. Filipinos have one of the world's highest population growth rates (2.6% a year), and the sermon was another rebuke to the Marcos government, which has pressed for family planning and voluntary sterilization.

The most grueling leg of the trip was an island-hop to five cities in the central and southern archipelago. John Paul encountered a notably more subdued reception at Davao, on the island of Mindanao where 60,000 people have died since 1972 in a Muslim insurrection. After a Mass for Catholics, John Paul met 65 Muslim representatives who had come from other parts of Mindanao. He made an eloquent plea for an end to warfare and interreligious discord. The entire world, he said, "needs to see fraternal coexistence between Christians and Muslims in a modern, believing and peaceful Philippine nation."

Next he was off to Bacolod, a region of sugar plantations and grinding rural poverty, where Communists have been gaining influence. Nearly 200,000 Filipinos were on hand as John Paul declared: "The church will not hesitate to take up the cause of the poor and to become the voice of those who are not listened to when they speak up, not for charity but for justice." He also said it is inadmissible to use the gift of land to serve the few, while "the vast majority are excluded from the benefits the land yields." But again he warned against political violence and class struggle.

What impact would the Pope's alternating pleas for social justice and cautions against activism have upon the highly politicized Philippine priests and nuns? Sister Pilar Verzoza, who had opposed the whole idea of the papal visit because it would help Marcos, paused to ponder the Pope's statements as she made her social welfare rounds in a Manila slum. "We're certainly not going to be closing our eyes to the injustices around us." Added her colleague, Sister Christine Tan, "I will study what he says, and then decide whether it is true."

Whatever the sisters and other activists decide about John Paul's social stands, none would deny that he had been crystal clear on one issue. Under Marcos, strikes are forbidden and labor unions are government-controlled. Thus it was a final act of outspoken opposition when the Pope strongly upheld the right of workers to organize free trade unions and "guarantee the pursuit of their social welfare." If the word Solidarity did not cross his lips, Poland and its laborers could not have been far from his thoughts. *—By Richard N. Ostling. Reported by Ross H. Munro and Wilton Wynn/Manila*

A priest celebrates Mass for student strikers in a University of Warsaw lecture hall

POLAND

Back from the Brink

Warsaw buys time as peace breaks out on the labor front

In a red brick building at the University of Lodz, eleven student strike leaders and four government negotiators faced each other over two green cloth-covered tables. On one wall hung a six-foot white paper cross; on the others posters bearing slogans of protest and defiance. At 4 p.m. Sociology Student Krzysztof Pakulski began to read a complicated agreement that had been hammered out and haggled over during two weeks of often hot-tempered negotiations, and which now signaled the end of a spreading student strike. When the accord was signed an hour later, triumphant cheers erupted from the 800 students assembled in the university auditorium

Pakulski snatched the 45-page document from Higher Education Minister Janusz Gorski, jumped up on the table and waved it over his head like a captured battle flag. The strikers then picked up their sleeping bags, guitars and posters and peacefully left the building they had occupied for 28 days. "We have won," declared Pakulski. "But it is also a success for the government."

So it seemed. Within hours of the Lodz settlement, sympathy strikes ended at the University of Warsaw and 19 other campuses. In the southeastern city of Rzeszów, meanwhile, a seven-week farmers' sit-in ended after government negotiators signed agreements with peasant leaders there and in nearby Ustrzyki Dolne. Just seven days after the new Premier Wojciech Jaruzelski had issued his dramatic appeal for "90 days of calm," peace, it seemed, had broken out on all labor fronts

Telegrams of support flowed into the new Premier's office not only from party officials, but also from workers, students and local chapters of Solidarity, the independent union federation. The whole country seemed to realize that a campaign of cooperation was Poland's last, best hope of consolidating its bold experiment in socialist "renewal" and avoiding the ultimate disaster of a Soviet invasion. Summing up the increasingly conciliatory national mood, Solidarity Spokesman Karol Modzelewski told the daily *Zycie Warszawy* that the new government "created a genuine chance for rolling back a dangerous course of events."

But at what price? In the Lodz agreement, the government granted a set of surprisingly far-reaching concessions to the students. Among them: the barring of police from campuses, a 30% student representation in each school's administrative senate, the abolition of mandatory Russian language study and a reduction in the number of required Marxist-Leninist courses. Most important, the students were granted an independent union —thereby establishing yet another potential power center outside the Communist Party.

The students appeared to make only two major concessions in return: 1) a pledge that their union charter would declare allegiance to the Polish constitution, which enshrines the party's leading role, and 2) a requirement that only those strikes approved by a majority of the student body would be considered legitimate. Referring to the whole student settlement package, one Western diplomat shook his head and said, "I just don't see how the Soviets can accept that."

Nor was the agreement with the farmers likely to win favor from the Kremlin's leaders. Though the Rzeszów peasants had apparently been persuaded by Solidarity Leader Lech Walesa to suspend their demands for an independent union, they had also wrested two significant promises from the government. First, Warsaw agreed to increase the proportion of state funds invested in private agriculture, which produces 80% of the country's domestically grown food. Second, independent farmers would be allowed to purchase unused state land, which would increase the amount of privately owned farm land. Both provisions, obviously, flew in the face of the Marxist-Leninist doctrine of collective agriculture.

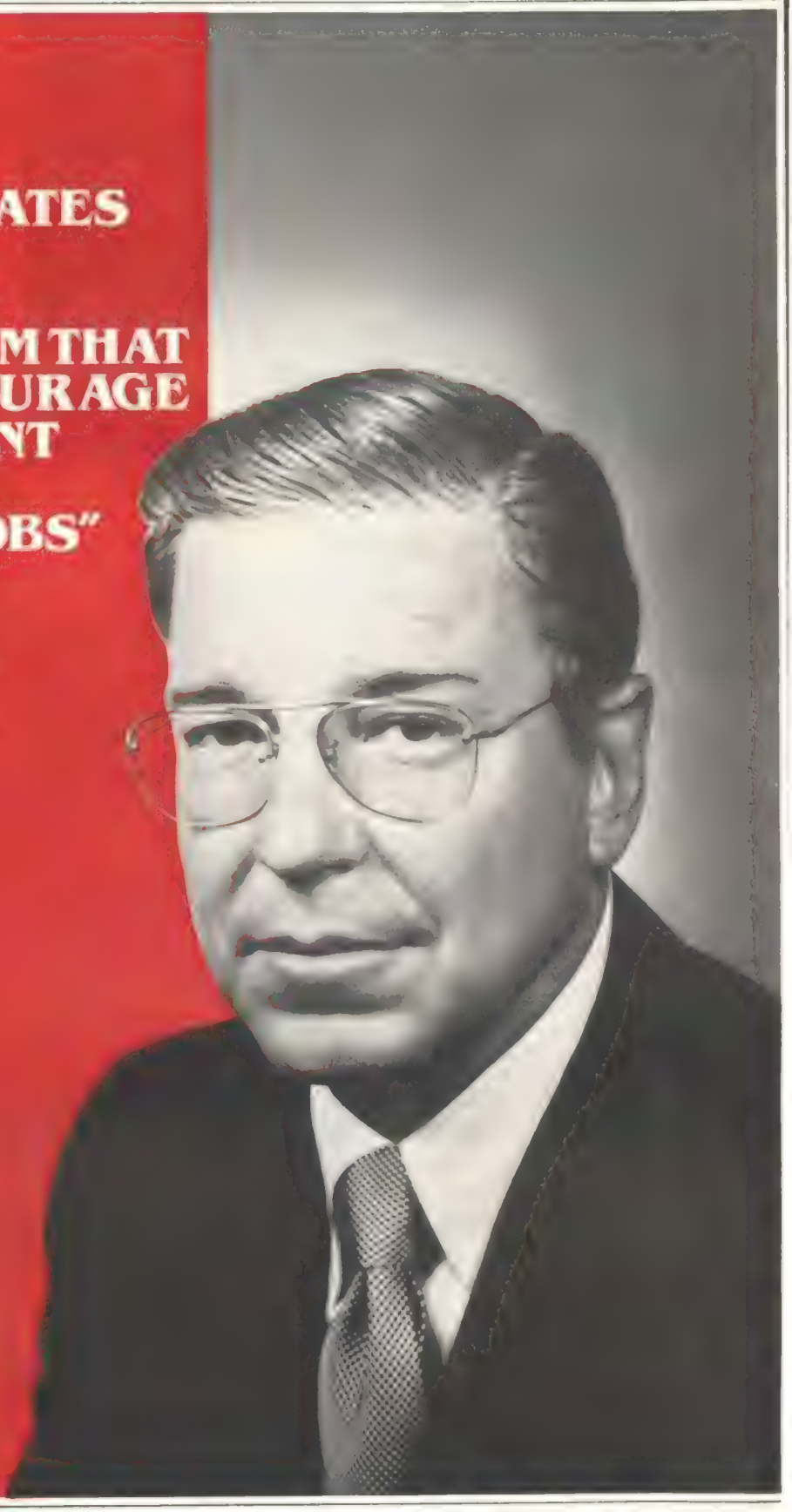
Warsaw's leaders must now convince their Soviet-bloc allies that they have not bought labor peace at the expense of the party's power monopoly. That was the apparent aim of Party Boss Stanislaw Kania's surprise visits to Prague and East Berlin last week. Party Bosses Gustáv Husák of Czechoslovakia and Erich Honecker of East Germany have been, along with the Soviets, the most bitter and vocal critics of Poland's liberalization. Western analysts saw Kania's back-to-back meetings with them as an attempt to reassure his skeptical comrades and gain enough time to bring the Polish crisis solidly under control. Significantly, press coverage of Poland was muted throughout the East bloc last week. TASS even reported that the

In a gesture of national concord, Premier Jaruzelski kisses hand of a pharmaceutical worker

The whole country seemed to realize that cooperation was its last, best hope.

"THE UNITED STATES NEEDS A MODERN TAX SYSTEM THAT WILL ENCOURAGE INVESTMENT AND CREATE JOBS"

W. Bruce Thomas,
Executive Vice President,
Accounting and Finance,
United States Steel



"American industry has become less competitive internationally because of our outdated tax laws. We must compete with one hand tied behind our back, because the nation's income tax laws do not recognize the existence of inflation; they *penalize investment* rather than reward it.

"Most of us are now painfully aware of the impact of inflation on prices—and on interest costs. But not everyone is as fully aware that our *tax laws discourage investment* in new industrial plant and equipment.

"Present United States tax laws require companies to stretch out deductions for their plant and equipment expenditures over a very long period—twelve years in the case of steel. In a period of substantial inflation, this long capital cost recovery results in *taxing "phantom profits"* because the depreciation deductions are far less than the real cost of replacing the facilities.

"The United States lags behind other major industrial nations in the speed with which capital expenditures can be recovered. For example, in Canada the recovery period for steel producing facilities is about five times as fast as in the United States.

"As a result, since 1960 *the United States has ranked dead last* among major industrial nations in the portion of gross national product devoted to plant and equipment spending. We've also ranked dead last in the rate of improvement in output per manhour. As a result, *not enough jobs have been created,* because there is a direct relationship between spending for plant and equipment and the creation of additional jobs.

"Reversing these alarming trends will require a change in the nation's tax laws to furnish American industry with a modern tax depreciation system that is competitive with the laws of other major industrial nations.

"*The need for this reform in our tax laws is critical*—and urgent—if our country is to have the new plant and equipment that will restore the strength of America's industrial base and provide the growth in meaningful jobs that American workers need and deserve.

"Quite clearly, the time to act is now!

"That's the way we see it.

"How do you see it?"

United States Steel

600 Grant Street, Pittsburgh, PA 15230

USS

Jaruzelski government seemed to be restoring order.

Kania's breathing space may be short-lived. As one Western diplomat noted, the easing of external pressure on Warsaw could well be due only "to a desire for peace and quiet within the East bloc during the upcoming Soviet Party Congress in Moscow." In presiding over that nine-day Communist extravaganza, which begins this week, Soviet Party Boss Leonid Brezhnev will want to paint Moscow's empire in the most favorable light possible; thus the timing of Poland's apparent labor truce works to the Kremlin's advantage. But when Kania returns from Moscow, his ears will almost certainly be ringing with stern warnings to halt his country's creeping pluralism.

Another crucial question is how long the union leaders can maintain their patience—and their control over restive locals. With whetted appetites, workers will expect fresh victories in the continuing negotiations over a series of pending demands, including a new labor law and the granting of radio and television time to Solidarity. Moreover, promised economic reforms are sure to require more belt tightening, something the rank and file seems ill-disposed to accept. Thus a dangerous potential for new clashes remained. Ultimately, the Poles and their leaders could only hope they might transcend the hazards by cleaving to a bedrock sense of nationalism that has sustained the country through almost two centuries of foreign encroachments. As a Bonn Foreign Ministry expert put it last week, "Whatever their ideological bent, Poles agree fully on one thing: they don't want the Russians in." *—By Thomas A. Sancton. Reported by Richard Hornik/West Berlin and B. William Mader/Bonn*

A Big-Brotherly Blast

No issue since Afghanistan has exacerbated differences in the Communist world as much as Poland. For months Enrico Berlinguer's independent-minded *Partito Comunista Italiano* had become ever bolder in its support for Poland's independent unions. In a communiqué last December, it even warned the Kremlin of "extremely grave consequences" in the event of a Soviet invasion—meaning that the P.C.I. might break with Moscow altogether. Last week, in a rare public display of a Communist family quarrel, the Soviet Communist Party was revealed as having blasted Berlinguer in no uncertain terms. The Italian weekly *Panorama* published a confidential letter from the Soviet Central Committee, obviously with the imprimatur of Leonid Brezhnev, rebuking the Italians for showing too much solidarity with Solidarity.

The letter, said to have been handed to Berlinguer by a Soviet embassy official in late December, begins "Dear Comrades" and signs off with "Fraternal Greetings"—but that is the extent of the cordiality. Taking a swipe at the independent Polish unions, the message accuses Berlinguer's party of disloyalty for siding with them. The P.C.I.'s December communiqué, it noted, did not "support the socialism that actually exists in Poland but shows solidarity with those forces that have unleashed a real and serious offensive against Polish socialism." Sounding a familiar chord, the Soviet party leadership wondered if this was not "interference in the internal affairs of Poland."

Brezhnev

Berlinguer

Neither of the two parties challenged the document's authenticity; but each denied having leaked it. In Moscow, Party Spokesman Leonid Zamyatin told reporters that "your best sources would be in Rome." Italian Communist Party officials were equally evasive, hinting that the Kremlin might have leaked the letter to discredit Berlinguer in the eyes of hard-line party members. *Panorama* Journalist Carlo Rossella added to the mystery, explaining that he had been given a translation of the letter at a surreptitious meeting in a Milan restaurant. But he refused to identify the informant.

With the Soviet Communist Party's 26th Congress set to open in Moscow this week, the public spat over Poland raised tensions between the Moscow and Rome Communists. Berlinguer made it clear that he would not bend before blunt Moscow messages. "We will stick to our road, whatever the initiatives or incomprehensions of other Communist parties might be," he told a crowd of Communist employees in Turin last week. Clearly that road would not lead to Moscow. P.C.I. officials confirmed that Berlinguer, for the first time, would be absent from the Italian delegation at world Communism's quinquennial pageant.

SPAIN

"Bitter" Times

Calvo-Sotelo's gloomy message

The Prime Minister-designate, a tall and dour man, had little cheer to offer his fellow politicians. Spain's young democracy was entering a perilous new era, he warned. Spaniards were disenchanted and pessimistic, the economic situation was "bitter and hard." In those gloomy terms, Leopoldo Calvo-Sotelo, 54, last week went before the Cortes to seek approval for a new minority government. His 75-minute speech contained no bold departures, no ringing calls to greatness. Instead, it was a gingerly tiptoe around the thorny issues—divorce, Basque nationalism, party infighting—that had discouraged his predecessor, Adolfo Suárez, 48, and finally led him to resign. At week's end Calvo-Sotelo lost a first confidence vote but was expected to win on a second try, which Cortes rules allow.

It was a prudent but far from memorable beginning for Calvo-Sotelo. A successful engineer-businessman from one of Spain's most prominent political families —the assassination of an uncle in 1936 helped spark the Spanish Civil War—he was most recently Suárez's deputy prime minister for the economy. When Suárez suddenly stepped down last month, Calvo-Sotelo inherited the mandate—and with it a ruling party, the Union of the Democratic Center, that is divided on most major political issues. Moreover, even a united U.C.D. could muster only 165 votes in the 350-seat Cortes, eleven short of a majority. To escape governing with a minority, Calvo-Sotelo needed the support of several small regional groups in the Cortes, above all the Basque Nationalist Party.

At first the party seemed willing to cooperate. King Juan Carlos had visited the Basque area early this month, and moderate Basques had been outraged at the murder of a nuclear engineer by members of E.T.A., the Basque separatist organization. Then a fortnight ago, a suspected E.T.A. terrorist named José Arregui died in police custody in Madrid. An autopsy showed evidence of torture. The scandal forced the arrests or resignations of several police officials, brought tens of thousands of angry Basques into the streets —and all but ended E.T.A.'s growing isolation among Basque moderates. Under the circumstances, the Basque Nationalist Party informed Calvo-Sotelo, there could be no possibility of open support for the new government. The Basque troubles were further aggravated at week's end when suspected E.T.A. gunmen kidnaped the consuls of Austria, El Salvador and Uruguay from their homes in Pamplona and Bilbao.

Given the tense atmosphere, it was no surprise that Calvo-Sotelo carefully skirted the big issues in his Cortes speech.

Prime Minister-designate Calvo-Sotelo

Forced to tiptoe around thorny issues

He pledged that his government would "guarantee the rights of people held in detention," but gave no indication of what he planned to do about the Arregui case. He spoke of the need for sacrifice and austerity in dealing with Spain's economic problems, but for the most part merely hinted at possible cutbacks to come.

The Prime Minister-designate also reaffirmed Spain's commitment to membership in the European Community but softpedaled the controversial question of joining NATO. His caution was understandable on that score. Suárez's unbridled eagerness to move Spain into NATO had not only met fierce opposition from the Communists and Socialists, it had caused grumbling within the ranks of his own divided party. Seeking to defer action on NATO membership, Calvo-Sotelo proposed further consultations on the question by parliamentary committees. He altogether omitted another highly sensitive subject: a pending divorce bill, initially approved by Suárez, that threatened to alienate the Roman Catholic hierarchy from the U.C.D. and split the party.

What Calvo-Sotelo did pledge was to remain in office until the next elections, scheduled for 1983, but few took the possibility seriously. With so little parliamentary support, the new government could easily stumble over the first serious issue it tackles; elections seem all but inevitable later this year. The intervening months could give the U.C.D. time to resolve its differences. Failing that, it faces possible defeat at the hands of Spain's second biggest party, the Socialists. As Socialist Leader Felipe González told party colleagues last week: "The election campaign has begun." ■

MIDDLE EAST

Priming the Peace Process

Sadat broadens his options and revives an old controversy

With President Reagan still settling into the White House and Israeli Prime Minister Menachem Begin girding for an uphill election campaign, Anwar Sadat has been fearful that the peace process might lose so much momentum as to expire altogether. So the Egyptian President has undertaken a one-man campaign to keep the process alive. Two weeks ago, he addressed the European Parliament in Luxembourg, where he solicited Europe's help in persuading both Israelis and Palestinians to accept "mutual and simultaneous recognition." Afterward, he stopped over in Paris for talks with French President Valéry Giscard d'Estaing. Last week Sadat stoked the fires again: he renewed a long-forgotten, highly controversial proposal that Palestinians create a government in exile.

Sadat first raised the idea of a provisional Palestinian government in 1973. He brought it up again for two reasons. First, he views the Palestinians as the linchpin in a comprehensive Middle East agreement under the Camp David accords. Second, he feels that the present Palestinian leadership, notably that of Palestine Liberation Organization Chief Yasser Arafat, is unable to withstand pressures from Syria and the U.S.S.R.

Sadat reasons that a government in exile formed by all Palestinians, P.L.O. members as well as Palestinians living in the Israeli-occupied West Bank and Gaza Strip, might yield a stronger leadership. It would also help the Palestinians move toward a more neutral position, which would enhance their appeal and attract broader support in the world. "The moment a Palestinian provisional government is formed, we shall recognize it immediately," he said.

Sadat's proposal evoked anger among Israeli officials. Interior Minister Yosef Burg, who is also Jerusalem's chief negotiator at the stalled talks on Palestinian autonomy, called it "a complete contradiction to the spirit of Camp David." For that matter, the P.L.O. evinced no excitement about the idea. Farouk Kaddoumi, the P.L.O.'s unofficial foreign minister, called the time "inopportune" for such a government, adding that "we do not place any trust in Sadat." American analysts interpreted Sadat's proposal as an attempt "at keeping all the options open" that offered little chance of immediate success.

Egyptian officials were the first to admit that Sadat's maneuver stemmed from multiple motives. They emphasize that Sadat has effectively given up any hope of reaching an agreement on the Palestinians with the Begin government, and has now pinned his hopes on a probable Labor Party victory in Israel's June 30 elections. During a four-day visit to Egypt last week, Austrian Chancellor Bruno Kreisky passed along his belief that Labor Party Leader Shimon Peres would be prepared to reach an early agreement on autonomy, perhaps even by the end of the year. Although Sadat's proposed government in exile would not play a role until after the transitional period called for under the Camp David accords, such a government would help pave the way for a future Palestinian state.

Egypt's new interest in Europe, meanwhile, has also brought some economic dividends. The Egyptians announced that France will build two $1 billion nuclear reactors in Egypt, and undertake construction of a $600 million subway in Cairo. At the same time, Sadat is intensifying his ties with other Arab nations, notably Saudi Arabia, in a bid to restore Arab solidarity. Says a chief aide: "We may have plenty to talk about when President Sadat finally meets Reagan." ■

Austrian Chancellor Kreisky and Egyptian President Sadat at press conference in Cairo

Renewing a long-forgotten proposal but with little chance of immediate success

NAMIBIA

A Droning, No-Win Conflict

South Africa digs in confidently, with no end in sight

Radio and television messages to the boys at the front. Small-town burials of flag-draped coffins. Posthumous awards for valor. These are daily reminders of South Africa's seemingly endless, distant bush war, which has droned on for 14 years. The battleground is Namibia (South West Africa), which South Africa has controlled since 1920. A flurry of hope for a negotiated cease-fire was shattered in Geneva last month when a United Nations conference on Namibia's future broke down. Reason: South Africa refused to risk an independent government led by the Marxist-oriented South West Africa People's Organization (SWAPO). Since then, the South African army claims that its counterinsurgency campaign has gained the upper hand. But not even the most optimistic South African officer sees any real end to the no-win war. Johannesburg Bureau Chief Marsh Clark and TIME*'s Peter Hawthorne visited the war zone near Namibia's Angolan border. Their report*

The South African command insists that it is succeeding in its drive to "win the hearts and minds" of the Namibian people. The claim is a sardonic reminder of Viet Nam, and, indeed, the parallels in this war do not stop there. The 20,000 troops of the South African Defense Force (SADF) vastly outnumber the 8,000-odd SWAPO guerrillas. The SWAPO forces, armed with Soviet-made rifles and light artillery, are no match for the mechanized, often airborne South African troops. And, like the Cambodia-based Viet Cong a decade ago, SWAPO conducts its raids from sanctuaries—this time in neighboring Angola.

The war, conducted mostly in sporadic, hit-and-run raids by both sides, is focused on the northern area of Ovamboland. This flat bush country near the Angolan border offers SWAPO good cover and a minimum of geographical obstacles. In other sectors, the current rainy season and swollen rivers have slowed down both sides. The rains wash away SWAPO supply routes. At a camp in the Caprivi Strip, one South African company commander complained: "I've got a patrol out there that is cut off by three rivers that flooded last night. I'm going to have to extract them by air."

Like most of the guerrillas, 46% of the population belongs to the Ovambo tribe. In addition, most of Namibia's 1 million inhabitants are clustered within 20 miles of the long Angolan border. Thus it is exceedingly difficult for South African troops to distinguish enemy guerrillas from the local populace. Yet on

South African helicopter crewmen scan bush on Angolan border

The Bushman Battalion

The tiny (average height 5 ft.) Bushmen of the Kalahari Desert are the oldest human inhabitants of southern Africa and one of the oldest distinct races of mankind. They speak a unique and difficult language, which one anthropologist describes as "an array of weird phonemes—clickings, croakings and raspings." They believe God hurled to earth a piece of turf that broke into pieces; the pieces became nations and the particles of dust their own minute, wandering tribe. Today only a few of the 55,000 remaining Bushmen still pursue their ancient way of life as nomadic hunters, tracking game across the Kalahari's parched wilderness. Most have settled into villages and camps on the edge of the desert. Now a number have traded in their bows and poisoned arrows for the R4 rifles of the South African army.

Some 850 Bushmen are organized into a separate battalion of the South West Africa Territory Force headquartered at Omega, a base camp in Namibia's northeastern Caprivi Strip. Assigned on a rotating basis to South African fighting units, the traditionally unwarlike Bushmen have distinguished themselves in combat. Five have been killed; one was posthumously awarded the Honoris Crux, one of the highest military decorations. Their tracking skills have introduced a new element to the counterinsurgency tactics. "They have fantastic eyesight," says a South African lieutenant, "and they can navigate in the bush without a compass or map." The Bushmen, in fact, were given their name, "Bosman," by 17th century Dutch settlers because of their ability to use the brushy landscape for their own protection. In admiration of the skills the Bushman has acquired from millenniums of hunting game, one lieutenant observes, "For the Bushman, tracking is a science. He can track and backtrack, use false tracks—all the dirty tricks."

Bushman scout in uniform

There are only a few distractions that can divert the Bushmen from a guerrilla's trail. An entire unit will come to a halt to collect and devour the honey from a wild-bee comb in a tree, for instance. And the presence of a hyena anywhere in the vicinity is likely to bring on inexplicable and uncontrollable fits of derisive laughter from the Bushmen. Otherwise, they have won the respect of their South African officers. "They've taught me what survival means," says one. "For all their small stature, they can put some of our big stocky guys to shame." Says another: "I've been on patrols with those guys. With the Bushmen along, our chances of dying are very slight. They have incredible tenacity, patience and endurance. They've taught me to respect another race."

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paper, the South Africans seem to have the war under control. Their claimed "kill ratio" over the past two years: a phenomenal 3,343 SWAPO dead compared with 72 South Africans. Such lopsided figures are vigorously disputed by SWAPO.

South African officers, however, admit that they cannot continue to hold their own without the organized support of the local population. Accordingly, since last year they have assigned troopers to civilian duties, ranging from teaching to livestock breeding. And they have mounted a strong effort to recruit local cadre men for military and paramilitary operations. The aim: a Pretoria-controlled South West Africa Territory Force of seven "ethnic" battalions, each comprising 800 to 1,000 indigenous recruits. At least four such outfits already exist *(see box)*.

"The source of power in an insurgency war lies with the people," said Major General Charles Lloyd, commander of the joint South African and local force. "The population is the battlefield." In the largely "pacified" Caprivi Strip, some 60% of the South African security forces are now made up of local blacks serving under white officers

The South Africans also cite the effectiveness of their so-called Operation Smokeshell as a reason for recent advances. Smokeshell consists of a stepped-up campaign of systematic cross-border raids inside Angola involving artillery and air forces as well as ground troops.

At the heavily fortified base at Rundu, .50-cal. machine guns were aimed across the Okavango River. They were trained on a deserted, war-torn Angolan village on the other side. Both SWAPO guerrillas and villagers had long since retreated into the bush, out of range of South African fire.

South African soldiers have nothing but contempt for the idea of a U.N. cease-fire proposal that would replace them with 5,000 peace-keeping troops. Says one officer: "Five thousand men haven't got a hope in hell of monitoring a cease-fire. Before the last South African soldier was back across the border, SWAPO would be in Namibia." However, crossing the Angolan border at will, as South Africa has been doing, could backfire. Third World frustration over Pretoria's failure to make concessions at Geneva has generated renewed demands by black African nations like oil-rich Nigeria for international sanctions against South Africa. The call for an embargo by the U.N. Security Council is likely to get widespread support. The South Africans hope to get a more sympathetic hearing from Reagan's Administration. Washington's European allies, however, are expected to continue to push for a negotiated solution. Thus, while Western observers agree that South Africa has the upper hand militarily, they believe that it cannot expect to win the war in the long run. ■

SOUTHEAST ASIA

A Strange Alliance of Convenience

China agrees to back a united resistance inside Cambodia

More than two years after the Soviet-backed Vietnamese invasion of Cambodia (Kampuchea), Hanoi's puppet regime, led by Heng Samrin, is firmly installed in Phnom-Penh and has restored a measure of order to the war-torn, famine-stricken country. Even so, stubborn resistance continues in the countryside, spearheaded by the Khmer Rouge, the fighting force of the ousted Pol Pot regime. An estimated 40,000 strong, the Khmer guerrillas have managed to hang on to crucial sanctuaries with the help of substantial political and military aid from

Prince Norodom Sihanouk

Going along with extreme distaste.

Viet Nam's hostile neighbor to the north, the People's Republic of China

Peking regards the Vietnamese occupation as Soviet expansionism by proxy and has sought to drum up international support for the Khmer Rouge. It has successfully persuaded the member states of the Association of Southeast Asian Nations (ASEAN) and other anti-Soviet countries to back the Khmer Rouge and its shadow government, called Democratic Kampuchea in the United Nations. The U.S. and other Western countries have gone along, but with extreme distaste. The reason: Democratic Kampuchea is the outgrowth of Pol Pot's four-year reign of terror, in which as many as 3 million Cambodians are believed to have been murdered or starved to death before the Vietnamese moved in to stop the slaughter.

The Khmer Rouge's reluctant international patrons have long sought a more acceptable alternative to what is at best the lesser of two evils in Cambodia. China has quietly prodded the Khmer Rouge to link up with anti-Communist resistance forces led by Son Sann, a 70-year-old former Prime Minister. Simultaneously, in a stunning reversal, Prince Norodom Sihanouk, 58, who has lived in exile in China and North Korea since he was initially overthrown in 1970, agreed to make peace with the Khmer Rouge and lead a united front against the Vietnamese

The backstage maneuvering is now beginning to pay off for the Chinese. Last week, in an interview with TIME in Peking, Chinese Vice Foreign Minister Zhang Wenjin disclosed that China was prepared to back a Sihanouk-led movement against the Vietnamese on the condition that the Khmer Rouge would be included. Moreover, he said China was willing to provide both political and military support to non-Communist resistance, which has been Sihanouk's main concern. "China's attitude is nonfactional," said Zhang. "We are willing to aid all the anti-Vietnamese forces of Kampuchea, and this includes providing arms." Added Zhang: "We hope that other countries will assist too. The U.S. and Japan should help."

There are major obstacles that will almost certainly dissuade the U.S. from taking China's advice. First of all, there is a serious question whether the Cambodian guerrillas, even if truly united under Sihanouk and even if aided on a large scale from the outside, could dislodge the Vietnamese. In addition, even if an alliance of convenience were eventually to triumph over the Vietnamese forces in the country, which are estimated at 200,000, there is the danger that Pol Pot's Khmer Rouge might then turn its guns against Son Sann and Sihanouk. Moreover, not even the firm anti-Soviet predisposition of the Reagan Administration is likely to dispel American reluctance to get involved in another conflict with the Vietnamese

But the toughest obstacle may be whether Sihanouk and the Khmer Rouge can come to any agreement on the creation of a united insurgence force. Sihanouk and Khmer Rouge Leader Khieu Samphan will meet this week in Pyongyang, North Korea, to begin negotiations. But Sihanouk told TIME last week that he doubts there can be much immediate progress in what for him remains a very distasteful undertaking. Said he: "Personally, I do not like to cooperate with the Khmer Rouge. They have killed many of my compatriots, my children, my grandchildren, and my in-laws. It is terrible to have to cooperate with such monsters, with such murderers. But the non-Communist Cambodians in West Europe, in North America, in Thailand and also the Cambodians fighting the Vietnamese inside the country are putting heavy pressure on me." ■

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Fox in the Establishment Coop

Taking over the Times, *Murdoch tries to soothe ruffled Britons*

For weeks members of the British Establishment had been squawking like chickens with a fox in their coop. The fox, of course, was Rupert Murdoch, the high-rolling Australian press lord, best known for his torrid tabloids. His purchase of the ailing *Times* of London (circ. 279,000) raised fears that he would vulgarize the staid 196-year-old newspaper with sex and sensation. But last week the din subsided. The reason: Murdoch, 49, named *Sunday Times* Editor Harold Evans to the top job at the venerable daily. Evans, 52, an esteemed journalist and a passionate campaigner for press freedom, is also tough—an important quality to have when dealing with Murdoch. Says London *Guardian* Editor Peter Preston: "Evans has as good a chance as anybody to make a success of the job."

The Manchester-born son of a locomotive engineer, Evans won high marks for his 14-year stewardship of the Sunday paper,* which he enlivened with eye-catching layouts and hard-hitting investigative stories (the thalidomide scandal in 1972 and 1977, a series on brutal prison conditions in Ulster in 1972). Unlike its daily counterpart, the *Sunday Times* (circ. 1.4 million) was usually in the black.

Though Murdoch promised Evans editorial control at the *Times*, his Fleet Street colleagues are skeptical. Said Sunday *Observer* Editor Conor Cruise O'Brien a few days before the appointment: "Mr. Murdoch's track record shows that he expects and gets uncritical subservience from the newspapers he owns." Evans naturally was more upbeat about his new assignment: "It is a very great honor for any journalist, although I must admit it is a daunting challenge."

Together the *Times*, the *Sunday Times* and three supplements (*Literary, Educational* and *Higher Education*) have lost some $150 million since 1967, $32 million in 1980 alone. Much of that red ink was caused by the Times Newspapers print unions, which are notorious for featherbedding and work disruptions; their unruly behavior and opposition to laborsaving new technology finally drove out the last owner, the Toronto-based Thomson Organization. Murdoch, who also owns the London *Sun* (circ. 3.7 million), *News of the World* (circ. 4.2 million) and New York *Post* (circ. 640,000), picked up the five *Times* publications at the bargain-basement price of $27.6 million (less than the current value of the plant and equipment alone). New union agreements were a condition of the sale, and Murdoch agreed to pay dismissed staffers up to $14 million. Said he: "People seem to think they're doing me a favor allowing me to buy something which is losing £13 million a year. It will be very difficult to make it viable."

In three weeks of round-the-clock negotiations, Murdoch's side cut a tough deal with the unions—though not so good a one as he might have hoped. The National Graphical Association agreed that the papers could use the modern computerized typesetting equipment that has been sitting idle in the plant for three years, but stipulated that only N.G.A. members could operate it. Murdoch failed, as Thomson had before him, to persuade the N.G.A. to permit journalists and ad takers to use the equipment, as they do at most newspapers in the U.S. Thus the new proprietor lost his chance to introduce a significant money saving measure. But Murdoch did win several major concessions. 563 full-time jobs out of a total work force of 4,000 will be cut, the three supplements will be printed outside London, at substantial savings, and future work stoppages will be settled by a new system of arbitration that will avoid costly shutdowns. Said an exhausted N.G.A. President Leslie Dixon, echoing the sentiments of other *Times* union leaders: "No one likes to lose jobs, [but] I believe it is the best deal we could have had."

The paper's journalists were not especially happy about their new publisher, but most agreed that Murdoch was far better than the alternative: having the *Times* and its supplements close down. Editorialized the *Times* last week: "[Murdoch's] decision to take on our problems was an act of considerable courage. The assurances of editorial independence, which Mr. Murdoch has given, are very far-reaching, and there is no reason to doubt he will abide by them." In Toronto, Lord Thomson of Fleet was melancholy about giving up the paper, but he professed confidence about the new proprietor: "I feel very sad that we failed to make the papers successful. I know that [Murdoch] has the desire to show the world that he can produce good newspapers as well as sensational ones."

As for Murdoch, he promises a new "marketing strategy" to attract a younger audience, a goal Harold Evans endorses. Says Murdoch: "I'm there to save the *Times*. However important it is as a national institution, it is also a business. We're going to sell more advertising and put the price of the paper up [from 20 pence to an estimated 25 pence]." And if the unions renege on their pledge to cooperate? "There'll be no difficulty in getting on a plane to Australia. I'll close the place down."

Murdoch, who now controls nearly 30% of British daily and Sunday newspaper circulation, estimates that "it will take three or four years to get the *Times* into real viability." Whether he will keep on his best behavior for that long is another matter. Noted an uneasy Sunday *Observer*: "The test of the pudding will come in the eating." —*By Janice Castro. Reported by Arthur White/London*

Harold Evans, left, and Murdoch, when the sale of the *Times* was announced in January

Trying to prove that he "can produce good newspapers as well as sensational ones."

*The *Sunday Times* was merged with the *Times* into Times Newspapers Ltd. by former Owner Roy Thomson in 1967

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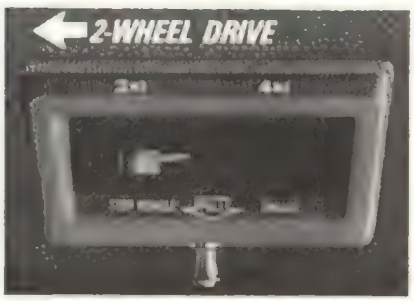

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Vitamin C is one of the most fragile vitamins. So, foods stored over a long period of time or exposed to air and light can lose a good deal of their vitamin C.

The more you cook, the less you get.

Probably the greatest loss of vitamins is due to cooking. For example, potatoes are a good source of vitamin C. But, if you bake, boil, or fry them much of their vitamin C content will be destroyed.

There are many ways the vitamins that were originally in your foods can be lost. Just to be sure you're getting all your body needs, eat a balanced diet. For extra insurance, you can look for fortified foods when you shop and take a supplement containing vitamin C every day.

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People

JOHN BRYSON

Hepburn Defender Fonda with Kate in *On Golden Pond*

CAMERA PRESS

Organ's portrait of Prince Charles—less captivating than Lady Diana

"Well, it's about time," **Katharine Hepburn** told **Henry Fonda,** upon meeting him last summer to film *On Golden Pond.* Despite nearly a century of cinema experience between them, Hepburn, 71, and Fonda, 75, had never collaborated before. Now, says Fonda, "Katharine is one of my favorite leading ladies. Her instincts are perfect." But not according to veteran Critic **Helen Lawrenson.** In an acid-etched piece in *Dial* magazine, Lawrenson dismisses the notion that Katharine is great as "twaddle." Hepburn's 1967 and '68 Oscars, says Lawrenson, "must have been for longevity." Kate's chief assets, she continues, are "photogenic bone structure, approximately two facial expressions" and a voice as "implacable as a dental drill." This, retorts Fonda, "is a crock," but Hepburn remains unperturbed. "I haven't read it. I only want to hear lovely things."

■

She was found last September in a Ft. Lauderdale park, naked, malnourished—and not knowing who she was. Florida doctors have since restored her health, but not her memory. The attractive, obviously well-educated brunet is known to herself only as **Jane Doe.** No identifying marks are on her body. No regional accent distinguishes her speech. Her fingerprints are not on record. So Jane went on national TV in an effort to find people "who know me better than I know myself." Her nervous appeal, on *Good Morning America,* brought more than 500 inquiries to the Ft. Lauderdale police department from families searching for missing relatives. At week's end, detectives were pursuing a handful of leads.

SUSAN GREENWOOD—GAMMA

Lost: Jane Doe

Baring her soul was just a first step for **Rita Jenrette,** 31, estranged wife of ex-Congressman and convicted Abscam influence peddler **John Jenrette,** 44. Last December, Rita shocked Washington and her own husband by publishing a "diary" detailing the drinking, mating and drug-taking habits of Congress. Now, in the April *Playboy,* she bares her corporeal self. Those who bother to read the text will learn that Rita considers the ten-page color spread "my way of purging the last political demons from my life." Rita's most titillating revelation: during one late-night House session John "led me into the shadows [of the U.S. Capitol] and we made love on the marble steps that overlook the monuments." Knowing that his wife was telling all in *Playboy,* Jenrette broke the story first, noting: "It's something I'd always wanted to do."

■

After **Bryan Organ's** portrait of **Princess Margaret** was unveiled in 1970, the artist "awoke to the most horrific morning of my life." One critic insisted that Organ, 45, "must have had a migraine" while painting it; others were even less kind. The Royal Family evidently did not concur, for they agreed to have Organ do the first official portrait of **Prince Charles,** 32. The completed work was hung in the National Portrait Gallery earlier this month, and reaction was tepid. Said one critic: "No one could possibly enthuse about it." What did enthuse just about everyone, however, was the latest chapter in another royal matter—whether Charlie will finally settle down and wed the fair **Lady Diana Spencer,** 19. Last week's installment was a *Daily Mirror* centerfold that reported a Milquetoast proposal from Charles: "If I were to ask you, do you think it would be possible?" and a decidedly less ambiguous ultimatum from the Queen: "Marry her by this summer or not at all." —*By Claudia Wallis*

POMPEO POSAR

Rita Jenrette in one of her more discreet *Playboy* exposures

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At Last, a Hale Columbia

Revving for action, the once wayward space bus passes a test

"All engines are up and running!" Cheers rose from the ranks of scientists and technicians packed into the Cape Canaveral control center when the word came. Millions of Americans watching on morning television breathed a sigh of relief. Those red and orange flames flaring out from beneath the Columbia space shuttle, the immense cloud of steam created by burning liquid oxygen and hydrogen that drifted out to sea were emblems of success. The long delayed final test firing of Columbia's three main engines had at last gone off without a hitch. Columbia's moment of triumph made it probable that as early as April the shuttle would carry an American into space for the first time since 1975 and take its place as the world's first reusable rocket ship, flying round trips between earth and orbit.

The test-firing countdown had to be pushed back three times last week. First technicians struggled to purge impurities from the fuel-cell pipes, then to replace a faulty electronic module, and finally to wheel a huge service tower away from the launch pad. Explained Launch Director George Page: "This is our very first countdown for the shuttle, and you expect these kinds of problems." Indeed, the shuttle program's problems have become a kind of national headache.

Columbia's launch, originally scheduled for March 1979, was delayed in part for replacement of thousands of heat-resistant tiles, which are attached to its aluminum shell to keep the shuttle from burning up on re-entry. It has also been plagued by trouble in its complex engines, which burn fuel at 6,000° C. hotter than the boiling point of most metals. The engines deliver a thrust of more than 1 million lbs. (roughly the power output of 23 Hoover Dams). They pack three times more power for their weight than the J-2 engines that bore the Apollo astronauts aloft. Unlike the J-2s, they are not dropped away after takeoff but are designed to be reused for as many as 55 flights, and to be throttled up and down, producing more or less power as needed.

In earlier test firings, bearings inside the engines splintered, valves stuck, welds melted and engines blew up. One explosion, in July 1979, so badly damaged the rocket stand at the National Space Technology Lab in Bay St. Louis, Miss., that further testing was delayed four months. Last week's firing was the culmination of a series of tests that engineers required to be sure all engine problems had been overcome before Columbia lifts off with its first two astronauts, John Young, 50, and Robert Crippen, 43.

On the assumption of continued success, more than 75 future flights of the shuttle have already been booked. Roughly one-third of them are reserved for the defense establishment, which will use the shuttle, starting in 1983, to launch surveillance satellites. The remaining two-thirds will be devoted to both commerce and scientific endeavor, like the placing of a giant space telescope. American industry will be able to buy cargo space in the shuttle to launch communications satellites and conduct a wide array of experiments in the weightlessness of space in hopes of discovering new ways to produce drugs, crystals and metal alloys. Columbia's cargo hold, 60 ft. long, can carry 65,000 lbs. Space clients can rent the whole thing for one trip for $35 million. But NASA offers many smaller "getaway specials" from as little as $3,000 for 60 lbs.

NASA is acutely aware that the shuttle will be viewed as a test of U.S. technological skill and that, especially in view of President Reagan's economy program, the level of future Government funding for space efforts may hinge on how well this celestial freighter performs. Recalling the human and mechnical failures that crippled the special "Blue Light" commando unit during the doomed helicopter rescue mission in Iran last year, a NASA official summed up the agency's present resolve. Said he: "We intend not to have a Blue Light failure on our pad." ■

In Cape Canaveral, the space shuttle Columbia is dwarfed by cloud of steam from its engines

The thrust was roughly equal to the power output of 23 Hoover Dams.

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Small-Computer Shootout

The Japanese and IBM are poised to jump into a fast-growing new market

Radio Shack Executives John Roach and Jon Shirley

Apple Chairman A.C. Markkula and Co-Founder Stephen Wozniak

After the tragic MGM Grand Hotel fire in Las Vegas last November, rescue workers were faced with a daunting task: how to keep track of the 4,500 guests and employees at the disaster scene. Nervous relatives and friends quickly overwhelmed the police department with calls seeking information about missing people. Executives of Commodore International Ltd., who were attending a convention in the city, moved seven of their small PET machines into disaster headquarters at the Las Vegas Convention Center. Commodore personnel programmed the computers to list names and rooms of the people staying at the hotel and drew up injury and death lists, helping police to end the confusion.

Introduced in 1974, personal computers, which look like portable TV sets with keyboards, have advanced from being toys for electronic tinkerers to important tools in small businesses, schools and an increasing number of homes. Sales are growing so rapidly that personal computers are the leading product in the explosive field of electronic calculating and information equipment. Says Benjamin Rosen, the editor of a computer industry newsletter: "The under $10,000 sector of the market is going to be one of the great growth industries of the 1980s."

Sales of small computers are increasing at a rate of 50% to 60% a year. More than 1 million have already been bought, at prices ranging from $500 to $10,000. By 1985 small computers are expected to be a $9 billion-a-year business, according to California-based Vantage Research Inc.

Users of small computers have found that the machines can perform nearly all the functions of their bigger brothers, the refrigerator-size minicomputers and the main-frame models that occupy whole rooms. In San Francisco, President Fritz Maytag of Anchor Brewing Co. uses the Apple II machine on his desk to plot his company's financial future. The United American Bank of Knoxville, Tenn., has sold Tandy computers to 115 customers, who pay bills and check statements and balances at home on the machines. Bruce Kemp, an executive with Merrill Lynch in New York City, does stock analysis on his Apple II in his den. When he is not at the keyboard, his son Michael, 10, and daughter Nell, 6, use the machine to play computer games like Space Invaders.

Experts have long predicted that personal computers would be a great new market, but sales were hindered because the equipment was too complicated for most people. Now manufacturers have started marketing products that are both cheaper and less technically complex. In the jargon of the business, computers have become "user friendly."

Commodore President James Finke

Although computer buffs dream of the day when home computers will print movie tickets or order the groceries, such applications are still uncommon. The vast majority of personal computers are being bought by small businessmen, doctors and lawyers, who use them for prosaic things like record keeping, billing and checking inventories.

In 1981 about 75% of the personal computer industry's estimated $1 billion in sales will be controlled by just three companies. They are:

TANDY. The Fort Worth–based Tandy Corp. has the broadest reach of any computer manufacturer through its 8,012 Radio Shack stores. The firm introduced its first small computer, the TRS-80, in 1977. A newer version of the TRS-80 (popular models now cost $999) has become the largest-selling computer of all time, and Tandy now commands 40% of the small-computer market. Tandy recently introduced the first pocket computer, which shows only one line of information and sells for $249.

APPLE. The story of Apple Computer has by now become part of American folklore. The business was officially founded in 1977 by Steven Jobs and Stephen Wozniak, two college dropouts who scraped together $1,300 from the sale of a Volkswagen to build their first prototype. In

1980 Apple's revenues topped $184 million, and the public offering of its stock in December was one of the biggest and most successful stock launchings in the history of Wall Street. The company is now aiming its sales effort primarily at the educational market, under the assumption that children who are raised on Apples are likely to buy Apples for themselves when they get older. A basic version of its hot-selling Apple II costs about $1,435. The firm recently introduced the larger Apple III model, which is expected to help push sales this year to $250 million.

COMMODORE. The PET computer (cost: $995), which is manufactured by Commodore International, based in Norristown, Pa., is the bestselling personal computer in Europe. The company has not been a major factor in the U.S. market, but Commodore President James Finke says: "We've got 60% of the market in Europe, and we're now ready to compete head on with anyone." This month it started running full-page ads in leading U.S. newspapers that read: COMMODORE ATE THE APPLE. This spring the company will introduce the VIC 20 computer, aimed at the home market and selling for $299.95. Commodore sales this year are expected to grow by 40% to $185 million.

Beneath computerdom's Big Three, a host of other companies, including Hewlett-Packard, Texas Instruments, Zenith and Atari, are scrambling for a share of the growing market. Such large, well-established computer firms as Digital Equipment, Data General and Xerox are reportedly about to introduce home-size machines.

Moreover, the industry is anxiously awaiting the entry of International Business Machines. Thus far, the Armonk, N.Y., behemoth (1980 sales: $26 billion) has shunned the personal computer market; its smallest model costs about $10,000. But sales of big main-frame computers are not growing as fast as those of the small machines, and experts believe that IBM will not ignore the potential profits in the new market. Says William D. Barton, president of the Datel computer store in Manhattan: "IBM's entry into the field is imminent." IBM has not yet announced any plans to market small machines, but late last year it opened its first retail stores in Baltimore and Philadelphia. These may be the beginning of a network that will eventually provide outlets for the new smaller models.

The pioneers of the small computer business will also soon face stiff competition from the Japanese, who will begin landing their first machines in the U.S. this spring. Commodore Founder Jack Tramiel warned a group of executives recently: "Gentlemen, the Japanese are coming." Representatives of Hitachi, Toshiba, Mitsubishi and NEC (Nippon Electric) have all paid calls on U.S. retailers to find out what products Americans want and how much they are prepared to pay. The Japanese are expected to enter the market with state-of-the-art machines that will be cheaper than competing American products. The first arrival is likely to be NEC, one of the world's largest telecommunications and electronics firms. Shortly thereafter Matsushita is expected to start selling a handheld computer under its brand names Quasar and Panasonic. An informal poll of American computer executives revealed that they expect the Japanese to capture a third of the market by 1985. Says Radio Shack Vice President Jon Shirley: "The Japanese are bound to be competitive, and I worry about the Japanese much more than IBM."

The rush of new firms into this flourishing market will result in a tumultuous battle for profits, and possibly some company failures. Says William Neal, group vice president of Automatic Data Processing Inc. in Clifton, N.J.: "There is going to be a tremendous shakedown and consolidation in this industry."

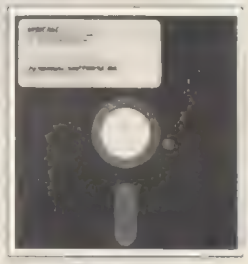
Growing as fast as the microcomputer manufacturers are the companies that design the programs that go into them. An Apple or a Tandy computer is a winking mute until detailed instructions or computer programs are fed into it. Producing these programs, which are recorded on cassettes or discs, is already a $265 million-a-year business that is expected to rise to $1 billion in sales by 1985 *(see box)*.

Another expanding computer service field is data banks that provide information for personal computers. After an initial hookup fee of $100, for example, a home computer can be connected through telephone lines to a machine in Alexandria, Va., that houses an immense information service called The Source. Customers can tap into 2,000 sources of data, ranging from a nationwide listing of job openings and up-to-the-minute financial news to world airline schedules and the entire catalogue for the wine library of *Les Amis du Vin*. During evening hours and weekends, the cost of bringing this information into the home is $2.75 an hour.

Industry watchers predict that by the end of the decade a family's three largest investments will be its home, car and computer. With costs for the machines dropping quickly, some visionaries even foresee three computers in every home: one in the den for financial use, one in the living room for education and entertainment, and one in the kitchen for information. The current shootout in the industry will determine whether brand names like Panasonic and IBM will soon become as common on small computers as Radio Shack and Apple. ***—By Alexander Taylor. Reported by Michael Moritz/Los Angeles***

The Smash Hit of Software

Daniel Bricklin, 29, and Robert Frankston, 31, a team of new-wave composers, have penned a dynamite disc that has grossed an estimated $8 million. It is not a punk-rock smash, but an unmelodic magnetic number called VisiCalc, the bestselling microcomputer program for business uses. The featherweight sliver of plastic is about the size of a greeting card, but when it is placed in a computer, the machine comes alive. A computer without a program, or "software," is like a $3,000 stereo set without any records or tapes.



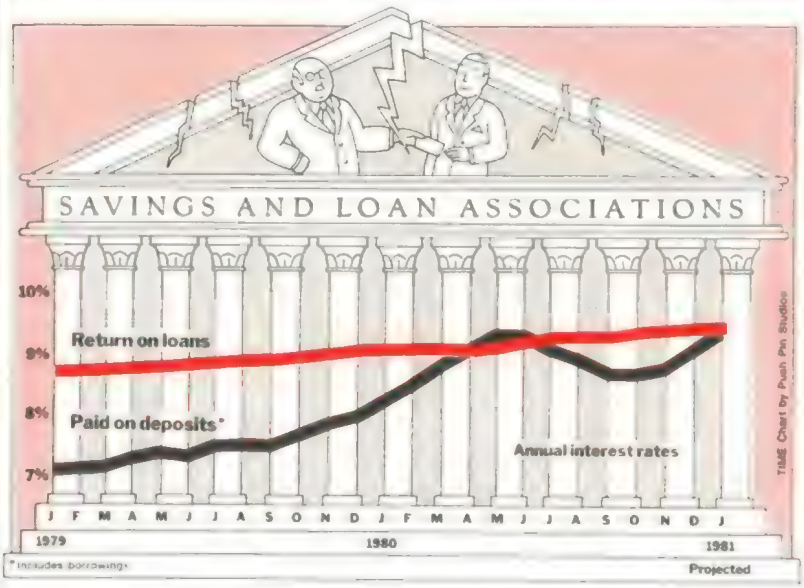
A versatile program

Three years ago, Bricklin, then a first-year Harvard Business School student, conceived VisiCalc while struggling with financial-planning problems on his calculator. He enlisted the aid of Frankston, a longtime friend and an expert programmer, to develop a new piece of computer software that would make juggling all those figures easier.

The partnership paid off. Since late 1979 nearly 100,000 copies of nine different versions of VisiCalc have been ordered at prices ranging from $100 to $300. It is far ahead of other business programs like Data Factory and General Ledger, and even outsells the programs for Star Cruiser, Dogfight and other arcade-like computer games.

VisiCalc translates simple commands typed on a keyboard into computer language that the machine then uses to solve problems. It enables a businessman, for example, to manipulate labyrinthine equations to calculate financial trends for his company. If he changes one figure, the machine can tell quickly how that affects the other numbers. A firm that gives its workers a 10% pay hike could estimate how that action would alter its costs, sales, profits, or dividends.

The computer program is being put to a wide range of uses. It helps Allerton Cushman Jr., a New York financial analyst, to project insurance-industry profits during the week and tote up his income taxes on the weekend. The Cabot Street Cinema Theatre in Beverly, Mass., bought VisiCalc to figure out which pattern of movie show times draws the best box-office receipts. An accounting firm in Las Vegas plans to use VisiCalc to tell its gambling-house clients how to position slot machines around the floor to ensure the biggest take. VisiCalc is obviously one composition that is in no danger of fading from the charts.



Earthquake Dangers for S and Ls

Profit squeezes cause some fears of financial chaos

Savings and loan associations are almost as homespun as Jimmy Stewart. In Frank Capra's 1946 movie *It's a Wonderful Life*, the actor played an embattled S and L officer who eventually triumphs over evildoers when depositors unite to save his business. The nation's 4,600 S and Ls could use a little of the Capra grass-roots rescue treatment right now. Along with their sister "thrifts," the 460 mutual savings S and L banks are caught in a profit squeeze that some analysts fear could lead to their collapse and ultimately to U.S. financial chaos. Says Jonathan Gray of New York's Sanford C. Bernstein & Co.: "Like the San Andreas Fault in California, all the elements for a major quake are there, although no one can tell when it will happen."

The main causes of the problems for the thrift institutions are double-digit inflation and interest rates, which were both unheard of in 1831 when the first S and L in the U.S., the Oxford Provident Building Association, was founded in Philadelphia. The nation's S and Ls and mutual savings banks today hold $650 billion in long-term mortgages, nearly three-fourths of the U.S. total. But about one-third of those were written within the past decade at interest rates of 8¼% or less. Moreover, during the past two years the costs to the thrifts of acquiring money to lend has risen dramatically. These two factors have combined to create a terrible squeeze on earnings. In May 1980, S and Ls as a group paid out more in interest rates on deposits than they got back in the form of income from mortgages and other investments. Later in 1980, they began earning money again, but now they are dangerously heading back toward the red. Some analysts predict that S and L losses during the first half of this year could go as high as $2.5 billion.

One key trouble facing the S and Ls is that savers are no longer content with the meager 5½% yields on passbook savings accounts, which have long been the main source of money for lending by the thrifts. Instead, they are putting their resources into money market mutual funds, where 16% interest was common last week, or into the thrifts' own money market certificates, which yielded 15½% interest. During the past year, an estimated $28 billion has flowed out of savings accounts into other forms of savings.

The S and Ls face this loss of customers at the same time that they are struggling with new laws governing both banks and savings institutions. Under the Depository Institutions Deregulation and Monetary Control Act of 1980, S and Ls will no longer be bound by federal rules that required them to pay low interest rates on deposits. During the next six years, they will gradually be able to raise the rates that they pay so they can compete for funds with other savings institutions. This will undoubtedly help S and Ls attract new customers, but it will also make their costs even higher.

Alan Greenspan, an adviser to President Reagan, warns that the S and Ls' weakness could force the Federal Government into a massive bailout of the thrifts. One grim scenario: queasy depositors make a run on the S and Ls, withdrawing their savings and cashing in the $40 billion in uninsured certificates of deposit, which the S and Ls would have to make up through sales of assets or more expensive borrowings. Those S and Ls that cannot make ends meet turn to the Federal Savings and Loan Insurance Corp. (FSLIC), under the supervision of the Federal Home Loan Bank Board, which has only $6.5 billion in funds to support them. In desperation, the S and Ls go to the Federal Reserve. The American central bank responds by pumping billions of dollars into the S and L system, greatly expanding the money supply and setting off a round of hyperinflation.

Is there a serious possibility of such a collapse of the S and Ls? No, says John Dalton, chairman of the Federal Home Loan Bank Board: the $32.5 billion in total S and L net worth is more than enough to offset any panic. The notion, though, is not as alarmist as it might seem. Already the stresses are being felt.

As any mortgage seeker knows, S and Ls and savings banks do not now have much money available for new home buyers. Many S and Ls are quickly reinvesting any money deposited with them in high-yielding, short-term certificates of deposit with major banks, an understandable move aimed at getting a greater return than is paid for long-term mortgages. But this has resulted in a decline of the money available for mortgages from $99 billion in 1979 to $71 billion last year.

Many smaller, weaker S and Ls are feverishly merging with larger institutions in an attempt to survive the current turmoil. In 1980 the number of voluntary S and L mergers jumped to 111 from 37 the previous year. Industry sources say that in 1986 there will be 15% to 20% fewer S and Ls, and by 1990 fully 25% fewer. About the only area in the country where S and Ls are doing well is affluent California. More than two dozen new S and Ls were formed there in 1980.

To some in the financial community, the contraction is long overdue, indeed almost welcome. Says John Dwyer, chairman of the Franklin Society Federal Savings and Loan Association in New York: "This is what happens when an industry matures. Larger institutions, which can afford to provide more services to customers, will be better equipped to serve their communities." Adds Frederick S. Hammer, a senior vice president of Chase Manhattan Bank: "Thrifts are simply an anachronism."

To the folks at many S and Ls, though, that seems harsh. They say that their institutions will regroup and recoup, diversifying for the short term into other banking services, then re-emerging as mortgage lenders in a decade or so. Says Thomas Maley, chairman of Chicago Federal Savings and Loan: "Banks are impersonal, while we have loyalty, a solid customer base. Our survival will depend on our ability to adapt to change." A drop in interest rates would also help a great deal. ■

Detroit Brings Back Rebates

All the Big Three try cash discounts to help move cars

Auto dealers have spent most of their time since the introduction of the new models last October whistling in deserted showrooms. But despite persistent complaints about high sticker prices, and a sales debacle that is heading into its third year, General Motors and Ford staunchly refused to offer cash rebates. Said then General Motors Chairman Thomas Murphy less than three months ago: "In the final analysis, I don't think rebates are a good way to stimulate the market."

Last week, however, General Motors put aside its pride and policy and began offering discounts. Ford, which last week declared a loss of $1.5 billion in 1980, a record for a U.S. corporation, followed within an hour. The two companies announced that they would make cash rebates from $500 to nearly $1,800 a car.

GM and Ford had to face one undeniable fact: even once popular fuel-efficient small cars are not selling. At the beginning of February, Chevrolet dealers had a 98-day supply of compact Citations, and Pontiac showrooms were backed up with 92-day inventories of the small front-wheel-drive Phoenix. Ford dealers were stuck with 100-day-plus backlogs on nine separate models ranging from the Mustang and Fairmont to the Mark VI. Sixty-day levels are considered ideal.

General Motors and Ford were forced into cash payments in part because of struggling Chrysler's success with "floating" rebates. The payments, which are tied to the prime interest rate and average about $400 a car, were begun in early December. Since then, Chrysler's share of the domestic auto market has jumped from 8.5% to more than 10%.

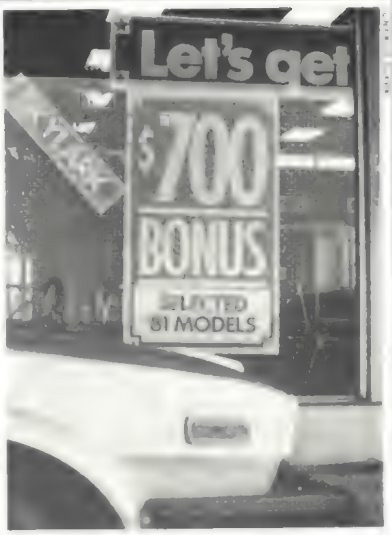
Chrysler is now seeing some other favorable omens. The Government appears ready to give final approval for another $400 million in guaranteed loans, if a handful of bankers do not object. Also the company's drastic cuts in plant, overhead and labor costs are beginning to pay off. During the past 18 months, Chrysler has reduced the number of vehicles it must sell each year to make a profit from 2.4 million to 1.2 million.

The decision on rebates stirred deep emotions in Detroit. Automen do not like them because they cut into profit margins, probably without helping sales in the long run. The cash payments often give sales a lift during the rebate period because customers advance their plans to buy cars in order to get the special prices. But sales are then usually lower than normal after the rebates end.

The cash payments are more controversial than ever this year. Unlike 1975, when industry-wide rebates were last offered, this time hard-pressed dealers are being asked to bear some of the cost. For example, buyers of Oldsmobile Cutlass Supremes and Buick Regals will get $700 back—$400 from GM and $300 from the dealer. Ford's rebate plan, which ranges from $610 for a Fairmont to $1,769 on the four-door Mark VI, is similar.

Nonetheless, Detroit hopes that the rebate plans will kick off a spring sales surge and help soften consumer resistance to the high prices on 1981 model cars. A recent survey of car sales in southern Ohio by Chevrolet Dealer Ebb Glockner concluded that buyers were balking at paying more than $7,600 for a car.

The decision by GM and Ford to introduce rebates puts Chrysler in a dilemma. The company had hoped to stop its discounts, which have cost the firm up to $25 million a month in reduced revenues, at the end of February. Now it is certain to continue cash payments in some form. Said Chairman Lee Iacocca last week: "I had hoped that they would leave the market to us for a while, but they didn't. We can't go off the dope [of rebates] cold turkey, or we'd die." ■



Michigan Buick dealer's sign of the times

Automakers put aside pride and policy.

DRAWN BY HANDELSMAN © 1979 THE NEW YORKER MAGAZINE, INC.

"I was indulging in levity, and Mr. Merkel made me leave the room."

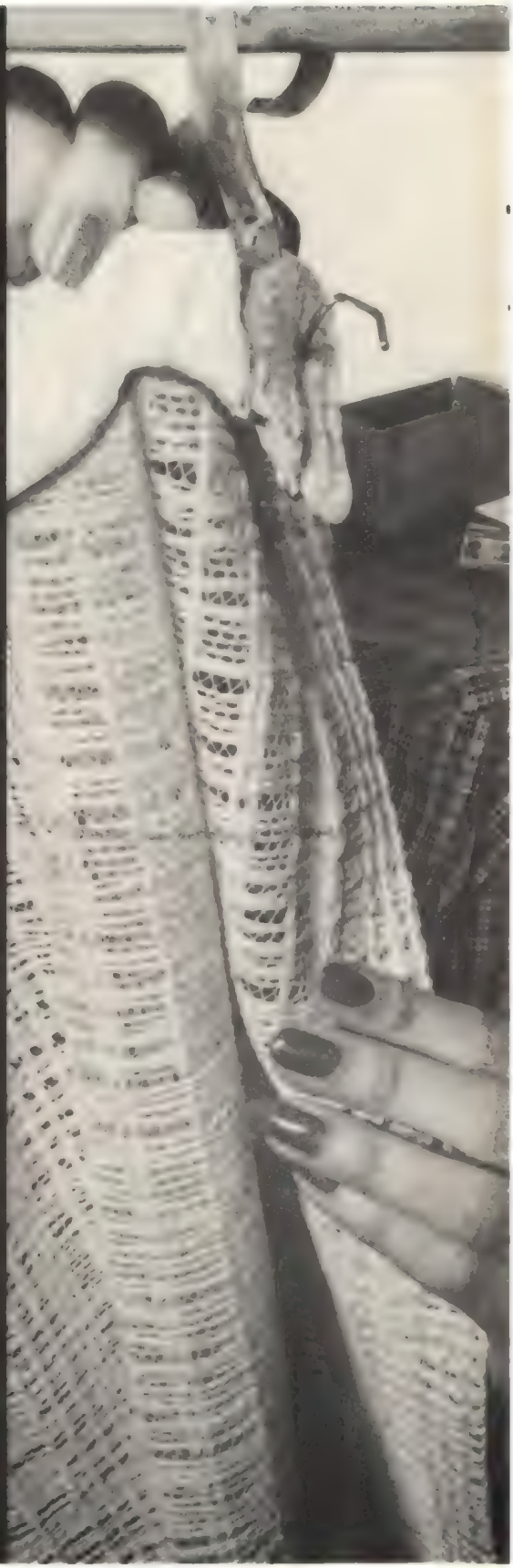
No Laughing Matter

In the pantheon of the young business executive, there are gods of success, diligence, alertness, punctuality, timing and memo writing. But, alas, there is none for humor. That is the finding of Richard J. Cronin, who heads an executive search firm in Rosemont, Ill. Cronin polled 480 chief executive officers to ask: "Have you found that younger executives (under 35) with MBA degrees have a greater or lesser sense of humor than others?" The vast majority of those responding checked lesser.

Why? Heightened seriousness among young people in general since the 1960s seems to be one reason for this dour attitude. But at least part of the blame lies with business schools. While most of the 170 business-school deans also polled by Cronin acknowledged that there was probably a correlation between humor and executive success, they generally agreed that their institutions were turning out men and women who were more tough-minded. Said Ralph Benedict Jr., the owner of a lamp company in Philadelphia: "How true it is. Humor is a lost commodity in today's world. Guess we have to wait for the Japanese to export it."

As executives get older and more mature, Cronin says, they gain confidence and perspective, along with a little humor. Chrysler Chairman Lee Iacocca, whose job is hardly a barrel of laughs these days, quipped when a shareholder asked him to comment on his self-imposed $1 a year salary: "Oh, don't worry. I spend it very carefully." Says Cronin: "From what I've seen of him, Iacocca has a sense of humor. God help him if he doesn't." Cronin believes that young executives who show no humor are missing an important lesson. Success in any field depends on influencing others, and wit is still one of the best tools around for doing that.

First job,
first apartment,
first big
money worries.
But
major medical
bills probably
won't be
one of them.



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The XYZs of management theory challenge American bosses

Their prices are cheap because they pay their workers subsistence-level wages. Their products are top quality because their plants are all brand new and automated. They get billions annually in government handouts and subsidies and, what is more, they do not abide by the rules of fair trade.

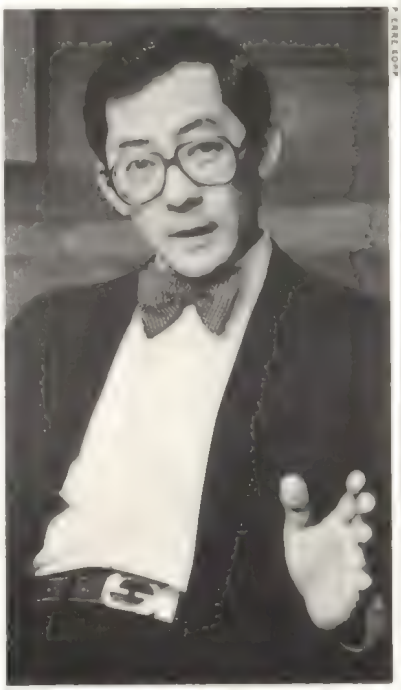
This view of Japanese corporations has long been the familiar refrain of U.S. businessmen seeking to explain the economic success of Japan. Now, however, a much less recognized proposition is being advanced: the real secret of Japan's success is better management, especially in personnel policy. That is the thesis of an inscrutably titled book, *Theory Z*, by U.C.L.A. Management Professor William Ouchi that will be published in April by Addison-Wesley.

Ouchi uses the terminology of Douglas McGregor, the late professor at M.I.T. who distinguished between two basic types of management attitudes in U.S. business: so-called Theory X bosses, who believe that workers are basically lazy and untrustworthy, and Theory Y managers, who hold the opposite view. Ouchi takes the alphabet one step further with the "Theory Z" corporation. This is a company that emphasizes long-range planning, consensus decision making and strong, mutual worker-employer loyalty. Ouchi argues that such corporations can be models for many American firms struggling with problems of high employee turnover, declining productivity and generalized worker alienation.

Theory Z–style corporations are not simply a business-school ideal. They already exist widely in Japan, where American business practices and production methods have long since been adopted. There are also a few American corporations that have these characteristics. Among those spotlighted by Ouchi are IBM, Intel, Procter & Gamble and Hewlett-Packard.

In developing his case for Theory Z, Ouchi wisely skips over the sour-grapes complaints by many U.S. businessmen about unfair Japanese competition and zeros in on the style and substance of Japanese management. Using a mixture of business-school scholarship and pop sociology, he concludes that Japanese managers get more out of their employees than American bosses do because the whole structure of Japanese society encourages mutual trust and cooperation. This allows collective enterprises like large corporations to flourish. Japanese companies are structured around a powerful, bonding attachment between workers and their firms, and Ouchi focuses on the ways that managers help to reinforce and strengthen the bond. Among them:

Lifetime Employment. Upwards of 35% of Japan's work force is covered by this paternalistic employment practice, which requires sacrifice on the part of all company employees when recession or other problems threaten a firm with layoffs. Instead of jettisoning workers, company managers will pare down paychecks for everyone, including themselves, normally by either withholding or deferring payment of the large, twice-yearly bonuses that both bosses and employees receive. Such actions foster a sense of shared experience by everyone.



PEARL LOPP

Management Professor William Ouchi
The secret of success is corporate loyalty

Evaluation and Promotion. In many Japanese companies, promotions may come as infrequently as once every ten years, a glacial pace that would drive fast-tracking U.S. managers crazy. Yet since no one else in the firm is being promoted any faster, no one has a feeling of falling behind. More important, the slow pace reinforces an employee's sense of making a lifetime commitment to his firm.

Nonspecialized Careers. In U.S. companies, managers usually pick out one area of company business (sales, finance or production) and concentrate on that. By contrast, Japanese executives do not specialize and regularly move from one corporate department to the next. In the process, they become expert in the structure and internal workings of the company.

Collective Decision Making. Traditional American corporations encourage executives to be decisive, to act forcefully and to accept the consequences. Japanese corporate decisions are reached by a tedious process of collective compromise that can sometimes involve as many as 60 to 80 individuals, each of whom holds a potential veto. The process of consensus building is slow, but once agreement is reached, no one attempts to sabotage or slow down the project.

Ouchi admits that not all Japanese management techniques can be easily transplanted into an American setting. Unless everyone in the decision-making process is willing to cooperate, for example, consensus building as practiced by the Japanese might all too easily tie an American corporation in knots. And, Ouchi concedes, the absence of a specialized career path often leads to a lower level of professional skill.

On the other hand, the Theory Z companies in the U.S. already use at least some of the management practices that are so commonplace among Japanese firms. Ouchi notes that Intel Corp., a technological leader in the microelectronic field, has fostered a collective work ethic by dividing employees into project teams. At Hewlett-Packard, worker turnover has been kept to a minimum during economic slumps by reducing the work hours for all employees and by cutting back on perquisites. In many of its plants, consumer products giant Procter & Gamble uses semiautonomous work groups that allow employees to govern their own jobs and achieve gains in productivity. The Buick assembly plant in Flint, Mich., which once had very low quality workmanship, used the Theory Z approach in 1978 to gain the cooperation of workers and their union. Within two years, the plant had become the most efficient General Motors facility.

As Ouchi points out, Japan's sense of the collective is rooted in the nation's experience as a densely populated, resource-poor country in which teamwork and compromise are absolutely essential. Without those characteristics, Japanese society could never function as successfully as it does. The U.S., in many ways, now faces problems similar to those Japan has known for many centuries. The world has become much more competitive, and resources like energy are increasingly scarce or expensive. Although individualism and self-reliance have been the very basis of U.S. culture since the nation's founding, companies may have no choice but to nurture a Japanese-style spirit of corporate teamwork. The Theory Z companies have shown that such firms can not only survive but also thrive. —*By Christopher Byron*

Growing Up Afraid in Atlanta

Killings inflict a psychological toll on the city's children

In the eighth grade of a public school outside Atlanta, says one white student, any sharp sound, such as the dropping of a book, makes all the black youngsters in the class "go to pieces." In the wake of the murders of black children —18 killed and two missing in the past 18 months—parents and educators are reporting widespread symptoms of stress and psychological damage. Nightmares, screaming fits, clinging to parents and bed-wetting are now common. A few wet the bed from simple loss of control; others because they are too afraid to walk to the bathroom. Some teen-agers pick up the toys of an earlier, safer life. One 13-year-old black girl, says a psychiatrist who is treating her, "is back with her dolls, playing kidnap games with them."

Teachers began to detect the symptoms last fall. Psychological tests, said one, showed that the feelings of many children were dominated by fear. Many children, according to School Psychologist Nancy Emmons, are now withdrawn and much less verbal. "They are even distrusting of the examiner," she says, "because he or she is a stranger." Emily Stinson, coordinator of psychological services for the Atlanta school board, sees no immediate cause for alarm: "The children appear to be generally more cautious, but we're not seeing any pathological fears." Still, she reminds her staff that they may be missing symptoms of stress, and that many children do not allow themselves to react to a threat until it has passed.

Teachers have become aware that their own fears can magnify those of their students. Earie McClure, an elementary school teacher who took her class on a trip to the circus, found herself escorting the boys to the men's room because there were no adult males along. When she thought they stayed too long, she says, "I found myself getting paranoid, and began beating on the door and calling their names." It was a loss of control she now regrets. Says McClure: "I realize I can't pass my feelings off to the children."

Alma Favors, a secretary living in east Atlanta, says her son Christopher, 8, does not play outdoors much any more: "He says he wants to look at TV or play with his toys. He is afraid to be in a room alone and has to have light on during the night. It's really bothering him." That kind of undramatic, low-key way of handling stress, say psychologists, can profoundly affect a youngster's future. Says Atlanta Psychiatrist Alfred Messer: "This kind of situation occurs just at the most terrible time developmentally. At ages ten to 13, children should be experimenting with the world, having a romance with the world. Now they are being reinforced into passivity, inhibition and non-adventurousness, and they must always be with an adult. If this goes on much longer, we will breed a whole generation of children who grow up choosing dependency as a primary tool for coping with life stresses." The danger is that the youngsters may show no obvious signs of damage, and yet grow up to become fearful adults, secure only in jobs where they are supervised and given specific instructions. Says he: "This is a disaster for the child and society."

Boy is comforted by teacher after viewing body of a victim

A message that the world is a dangerous place.

Some boys try to compensate for their fears with macho swagger. One teacher ran into a twelve-year-old alone at night in a take-out restaurant, brandishing a taped billy club. Some older boys brag about their supposed ability to overpower a killer, and some take chances by going out late at night. On a recent Saturday night in downtown Atlanta, 31 children were picked up for violating the city's 7 p.m. curfew for youngsters under 16 years old, and sent home by patrols of Metro Atlanta Women Against Crime, a grass-roots group of blacks and whites. Says Grace Davis, president of the group: "We still have parents not adhering to the curfew. Until parents really begin to parent, we are going to have a problem."

Shock waves are reaching the white community too. James and Lera Henkel of suburban Riverdale tell their two sons to be in before dark and not to accept rides from strangers. When the TV news announced one of the killings recently, Kurt Henkel, 10, said, "Oh no, another boy's dead my age." He asked his mother when the murderer would start killing whites, and woke up that night screaming violently. Says his father: "The parents sit back and say, 'Well, that's 20 miles away,' but the children don't make that distinction. It's there on TV every day and the kids see it."

Mental health professionals who convened a one-day conference at Atlanta University on the effects of the killings, urged parents to explain their fears to their children. Said Sandra Sims, director of Spelman College's child development program: "Parents have to admit their own uneasiness. They are going to have to help themselves be a little calmer." One theme of the meeting: the families most in danger —those in the poor, black areas where most of the killings occurred —are those least able to watch their children all the time. Many families have only one parent and several children crowded into a small apartment. "When you say have your children home by 7 p.m.," said one person at the conference, "you may be forgetting that you may be talking about twelve children in one room."

Psychiatrist Messer thinks school and community groups should set up large, supervised play areas, including a "gigantic summer camp" where kids can forget their fears and be adventuresome. Though some professionals urge parents to bring up the subject often with their children, Psychologist Kenneth Clark disagrees. Says Clark, professor emeritus at the City University of New York: "I wouldn't do too much talking. I would deal with the reality that these things are happening, and that individuals have to protect themselves, but I wouldn't overreact to it." His reason: "Bombarding the young with daily messages of fear can instill the generalized message that the world is a dangerous place." Yet reminders of the danger are hard to avoid in Atlanta, and the longer the killer or killers remain at large, the more the children will pay a psychological price. Says Psychologist Henry O. Braddock: "Reteaching children how to trust will be a difficult task." —*By John Leo.*

Reported by Joseph N. Boyce/Atlanta

F.A.L.N. supporters marching and waving the Puerto Rican flag outside Chicago courthouse

Law

Trial Without Defendants

Defiant Puerto Rican terrorists boycott the courtroom

Spectators were frisked and had to walk through metal detectors. Twice a day, dogs sniffed around for bombs. The courtroom was crammed with evidence —wigs, explosive paraphernalia, even the proverbial kitchen sink (it bore palm prints). Only one thing was missing during the six-day trial at the federal office building in Chicago: a defendant.

In fact, eleven defendants were absent. All are members of the Puerto Rican independence group called F.A.L.N. (short for *Fuerzas Armadas de Liberación Nacional Puertorriqueña*), which specializes in terrorist bombings. Calling themselves prisoners of war, the defendants refused to recognize the authority of the court or take part in the proceedings. (One of the eleven remains a fugitive.) Said Michael Mason, a federal defender who sat quietly in a corner in case legal advice was needed: "Several refused to see me. The ones who would see me wouldn't talk to me."

The ten on trial were arrested in the Chicago suburb of Evanston, Ill., last April following the holdup of a car rental agency. Four months later in Cook County courtrooms, two were convicted of robbery and sentenced to 30 years, while the others received eight-year terms for conspiracy and weapons violations. Since some of them would have been eligible for parole in 1984, the Federal Government brought charges of its own, including seditious conspiracy and illegal use of weapons. In all, the feds linked the group to 28 bomb plots in the Chicago area.

Though the defendants boycotted their trial, the proceedings were piped into a lounge at a prison two blocks away, where the six men were being held. While their supporters rallied outside the courthouse, the men spent part of their time doing sit-ups and leg lifts, and when the jury announced convictions on all counts, they took a break from a card game to laugh and clap. In a similar room sat the four women, reading, napping or just listening in. After each witness had finished, marshals asked the two groups if they wished to cross-examine. The responses invariably ranged from silence to "no" and were walkie-talkied back to another marshal at the courthouse.

Last week the terrorists appeared in court for sentencing, thoroughly shackled but still defiant. Most, like Ringleader Carlos Alberto Torres, 28, shouted *"Viva Puerto Rico Libre!"* Carmen Valentin, 34, a former Chicago teacher, threatened Federal Judge Thomas R. McMillen: "If I weren't chained, I'd try to take care of you right now." For his part, McMillen told Ricardo Jiménez, 24: "If there were a death penalty for these crimes, I'd impose it on you without any hesitation." Depending on how unrepentant he found each to be, McMillen handed down sentences ranging from 55 to 90 years to be tacked on to their Cook County terms. Meanwhile, an estimated 15 to 25 of their comrades remain at large. Authorities believe the F.A.L.N. may be responsible for the attempted shooting of an Army recruiter in North Chicago during the trial. Said the chief prosecutor, Assistant U.S. Attorney Jeremy Margolis: "These arrests didn't end the F.A.L.N." ■

Milestones

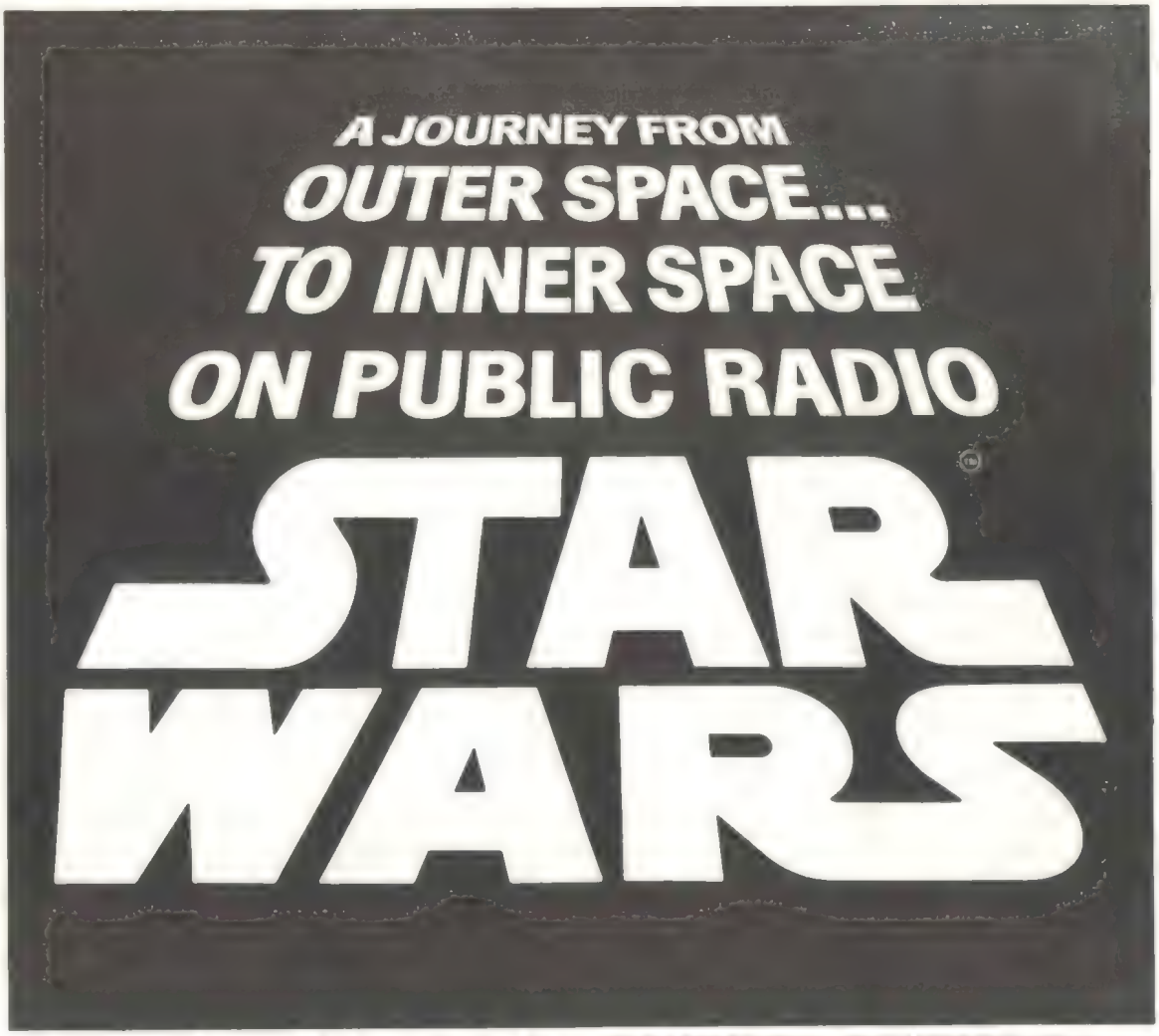
DIED. Michael Bloomfield, 37, innovative electric guitarist who, as a featured performer with such groups as the Chicago-based Paul Butterfield Blues Band and the Electric Flag and American Music Band during the 1960s, was a leader in the rock-infused revival of urban blues, a style epitomized by B.B. King and Muddy Waters; of a possible drug overdose; in San Francisco.

DIED. Karl Richter, 54, German conductor, harpsichordist and organist who founded the Munich Bach Choir and Orchestra, through which he became internationally known for his rigorous, emotional interpretations of Bach and as a leader of the Bach-Handel revival of the '50s and '60s; of a heart attack; in Munich. Richter, who in recent years was himself labeled a romantic by more severely "authentic" Bach interpreters, attributed the zeal for authenticity to "a certain snobbishness" and said: "As a whole, properly performed, Bach always will stay right in the spirit of the present."

DIED. Joseph W. Kaufman, 81, New York City–born lawyer and judge who won acclaim in 1947-48 as the meticulous chief prosecutor in the trial of Alfried Krupp and eleven other executives of the Krupp armaments empire at Nuremberg; of heart disease; in Washington, D.C. Kaufman, who later served as a special master for the U.S. court of appeals, prosecuted the defendants on grounds of "waging aggressive war" against Jews and other civilians. He settled for convictions on charges of plunder and slave labor and sentences of up to twelve years.

DIED. John Knudsen Northrop, 85, aviation pioneer and founder of Northrop Corp., who designed such celebrated planes as the original Lockheed Vega (in which Amelia Earhart made her historic solo transatlantic flight in 1932), the night-flying P-61 Black Widow fighter in World War II and the revolutionary boomerang-shaped Flying Wing; of pneumonia; in Glendale, Calif. Northrop, who was also a co-founder of Lockheed Corp. in 1927 before starting his own firm in 1939, blamed manufacturing disputes with the Air Force, not problems of flight stability, for the fact that he never realized his dream of mass-producing a Flying Wing bomber.

DIED. Henry S. Huntington, 99, onetime Presbyterian minister who became a pioneer of nudism in the U.S., serving as the first editor of the movement's magazine (then called the *Nudist*) and helping to establish one of the country's first nudist camps, at Otis, Mass.; in Philadelphia. Huntington, who declared himself an agnostic humanist when he resigned his ministry in 1938, maintained that nudism affirmed "the goodness of man and the possible satisfactoriness of life."



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Pass Masters of the Game

Oregon State's sharpshooting Beavers are busy, busy, busy

They are one of the oddest groups ever assembled as a basketball team. The center's family forbade him to play in high school, so he ran away from home for his senior year and came to college with only one season of experience. The two guards played lots of basketball in high school, but none of it as guards. One forward transferred from another school that had folded its basketball team right under his sneakers. The other forward was courted by recruiters from 250 colleges, then decided to journey no farther than to the college in the valley below his family farm. Presiding over the bunch is a 61-year-old coach who has seen so many gimmicks in his 30-year career that he limits his team to two basic offensive plays. Together they form the Oregon State University Beavers, unbeaten in their first 21 games and, according to one major wire service poll,* the finest college basketball team in the nation.

In the verdant, rain-gentled Willamette Valley, they are revered as the team that last season broke hated U.C.L.A.'s 13-year streak as champion of the Pacific-10 Conference. To teams around the country, the Beavers are known and feared for their busy, busy, busy combination of pressure defense and fast-passing offense. Under Coach Ralph Miller, who has produced 507 victories (third highest among active coaches) at Wichita State, the University of Iowa and, since 1971, Oregon State, the Beavers have revived the too often neglected art of passing. On the floor, Oregon State works like a tightly wound clock. Each player is a whirring cog as he passes to a teammate, runs toward the basket along intricate routes, then repeats the process until, finally, the defense falters and a man breaks open for an easy shot.

Center Steve Johnson, 6 ft. 10½ in., 235 lbs., is a giant dervish, spinning loose for layups or whirling to loft a hook shot. The Beavers' offense is geared to pry him free within 6 ft. of the basket. Johnson completed 71% of his field goals last year, the highest single-season average in college history. He is shooting 76% this year, pushing his career average up to 67.5%. If Johnson can maintain the pace for the rest of the season, he will pass Bill Walton (who shot 65.1% in his three years at U.C.L.A.) as the most efficient college scorer ever. The entire team benefits from Miller's tightly controlled play: Oregon State's 57.5% field-goal clip this year is the highest in N.C.A.A. history. Says Guard Ray Blume: "Coach Miller's theory is that if you pass the ball once and get a man open at 15 ft., then pass it two more times and you'll have a man open at 6 ft. We make those two extra passes."

The concept, Miller insists, is simple basic basketball. Yet in an era of slam-dunk superstars, his beaver-like discipline is not exactly fashionable. Miller maintains that the passing game requires a player to reverse the order in which he learned to play: "The first thing a kid does when you hand him a basketball is bounce it on the floor. After a while, he starts to throw it at a basket. Last and least, he passes it to another kid. Our thinking is the other way around." Says Forward Lester Conner: "With Ralph, if you get fancy and dribble the ball, you sit."

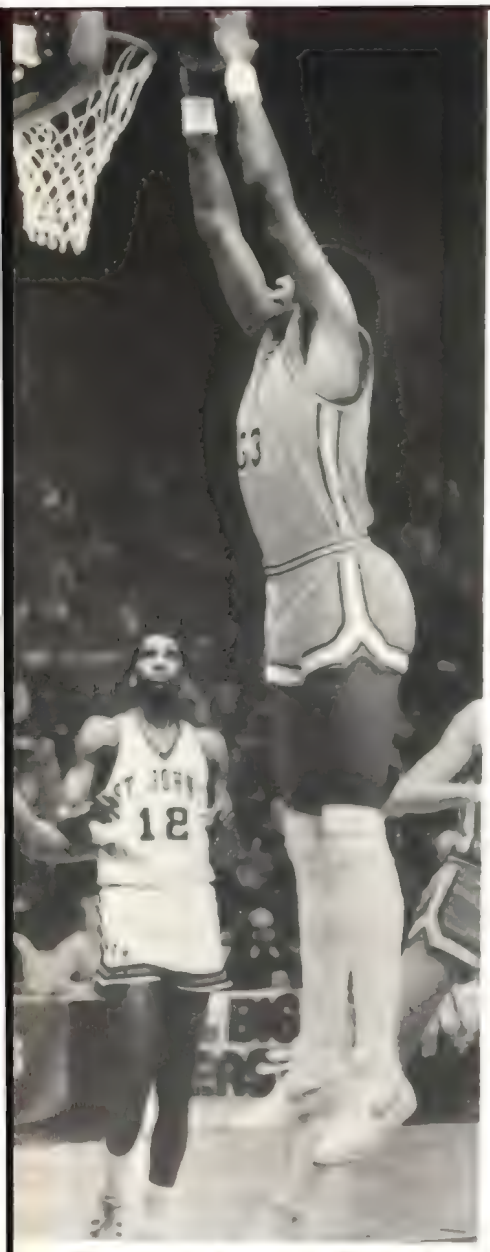
To put his philosophy into practice, Miller seeks out largely overlooked talent willing to conform to the Oregon State system. Only Freshman Charlie Sitton, a smooth-shooting forward from nearby McMinnville, was a highly prized prep star. Guard Mark Radford, who combines with Blume to turn on the toughest full-court press in college basketball today, was a solid but unspectacular high school player.

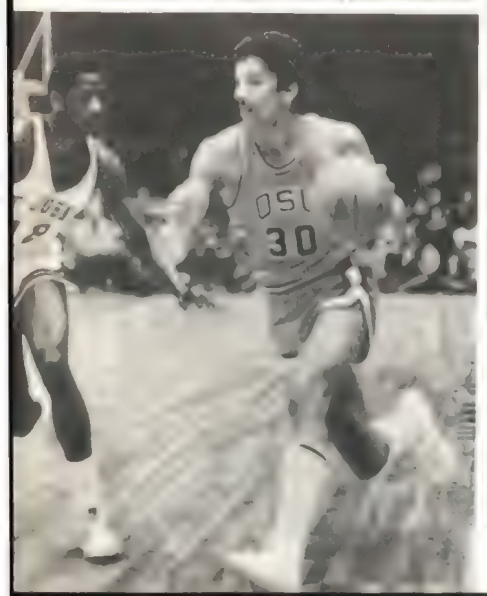
Coach Ralph Miller

Miller's biggest find is Johnson, the son of strict Seventh-day Adventists who, because their religion forbids secular activity from Friday night to Saturday night, did not let him play varsity basketball. He finally ran away from home just before his last year of high school and had himself declared a ward of the court. He lived alone in a rat-infested house until a high school teammate's parents assumed guardianship. Says Johnson: "I must have been crazy. I didn't have a penny in my pocket when I left home, but I wanted to play basketball so badly. I lived in this abandoned house in a bad part of town. I never knew how many rooms the place had because I was afraid to go into the back part. I just used one bedroom, and then I slept with the light on."

With that kind of self-sacrifice as a standard, the Beavers find that giving the ball to a teammate to shoot comes easily. As Playmaker Radford puts it, "We're prouder of the pass than we are of the basket. It's that simple, and it has worked." Indeed it has. *—By B.J. Phillips*

*United Press International coaches' poll. Oregon State has been ranked second in the Associated Press sportswriters' poll, after the University of Virginia.





Johnson leaps to conquer; below, Radford drives

Photographs for TIME by Barton Silverman

The Bjorn and John Show

Tennis' twin titans find a fortune Down Under

The last time Bjorn Borg played tennis in Australia was in December 1974. It was an experience that he and the Australians would rather forget. Borg, then 18, looked more like a weekend hacker than the sport's rising star, losing to unranked players in the first round of two tournaments and bowing out in the second round of another. Borg surveyed the rubble of his fame Down Under and admitted: "I may have let the people down." The people agreed. Wrote the tennis writer for the Melbourne *Age*: "His reputation in Australian tennis is now not worth much more than a dollar."

Now, six years and five consecutive Wimbledon titles later, Borg's reputation in Australia is worth much more than a dollar—$749,999 more. And three-quarters of a million dollars was not all that Borg and his archrival John McEnroe divided for playing three back-to-back exhibition matches in Australia last week. There was also a solid silver tennis racquet, coated with gold and worth another $50,000, for the winner of the best two-out-of-three confrontations (two matches in Sydney, one in Melbourne).

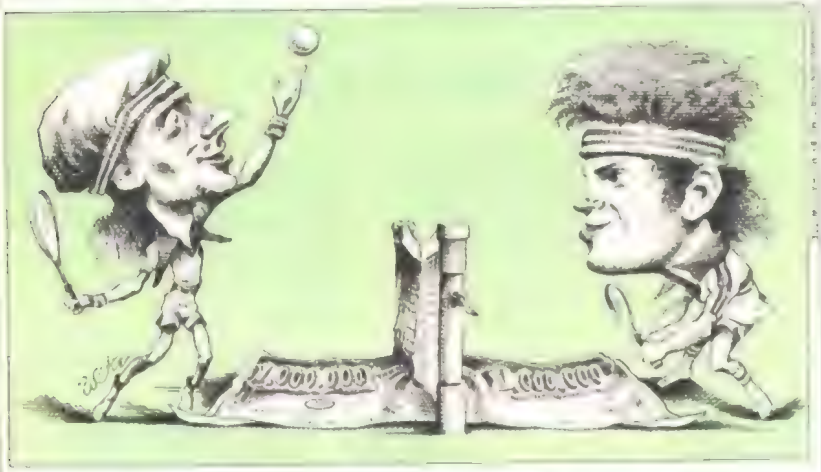
The promotion, put together by a Melbourne rock impresario and bankrolled by a cigarette company, cost some $2 million to stage. No effort was spared to lure the two top tennis players out of their tax shelters. Sydney's Hordern Pavillion, normally a venue for pop concerts and agricultural shows, was transformed into a tennis stadium for the first two matches. Seats ranging from $36 to $3,600 (for courtside boxes) were laid out behind a row of dainty lemon dahlias. Melbourne's Kooyong Stadium was transformed even further for the final match. Kooyong is Australia's Wimbledon, the most hallowed tennis ground under the Southern Cross. But Kooyong's center court is grass, and Borg refused to play on that fast surface. So Promoter Paul Dainty shelled out another $48,000 to build a wooden platform and synthetic surface over the grass, allowing a five-inch airspace for the grass to "breathe."

Such concessions did not go unnoticed. Cartoonist George Haddon for the Melbourne *Herald* drew a Kooyong groundsman scattering dollar bills over center court and commenting: "Tell Borg we're covering the court with his favorite surface." The players, however, insisted that money wasn't the issue. Said McEnroe: "It would be good to get a psychological edge by winning here." Said Borg: "John McEnroe is my threat to Wimbledon. The threat will be less if I beat him in Australia."

Borg took the first match, 6-0, 6-4, a tidy massacre that required merely 68 minutes to complete. McEnroe served poorly and seemed incapable of trading ground strokes with Borg, who played faultlessly. After the match, McEnroe said at courtside, "I hope everyone comes out again tomorrow because I can play better than that." He was right. The next night he contrived to win two additional games, falling to Borg 6-2, 6-4. "I played three times better than I did Thursday night and still won only two more games," said McEnroe. "He's outplayed me twice now, and I'll just have to try and salvage something tomorrow."

He did, though it took a while. Before 10,000 fans at Kooyong Stadium, McEnroe was leading Borg 6-4, 1-6, 7-6 in the five-set match when rain interrupted play. After the showers stopped, Prime Minister Malcolm Fraser led a group of volunteers armed with towels to mop up the moisture. Play resumed, and McEnroe won the fourth set 6-4 to give him the match.

No matter who came out on top, a face-off between the game's two titans could not have failed to please the tennis-minded Australians. Besides, as McEnroe noted: "Every time we play it matters." ■



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A Vivid Gallic Trio at the Met

But Artist David Hockney's sets add a strong British accent

The perfumed, black-tie crowd that poured into Manhattan's Metropolitan Opera house last Friday was in for a surprise. What were those subway-style graffiti doing all over the proscenium arch? What kind of message was it, spelling out the names of Erik Satie, Francis Poulenc and Maurice Ravel, composers of elegance and wit? And what was all the barbed wire doing out there on the naked stage, not to mention the forlorn, bullet-torn French flag?

There were plenty of hints, but no real answer, as the Met staged its first new production of a season shortened by labor disputes. It was a trio of French works, with the umbrella title of *Parade*. The idea of presenting Satie's slight ballet *Parade*, Poulenc's absurdist opera buffa *Les Mamelles de Tirésias* and Ravel's *L'Enfant et les Sortilèges* came from Met Production Adviser John Dexter. The common theme was not World War I (though with effort all the pieces can be connected to it) but the devices of British Artist David Hockney, 43, who presided over the visual aspects of the show. Hockney, noted for his sophisticated, figurative paintings, has done successful productions of *The Rake's Progress* and *The Magic Flute* at the Glyndebourne Festival. Here he triumphs when he concentrates on conjuring up a vivid, magical spectacle. When he reaches for social comment, he fails. These diaphanous Gallic conceits cannot be made into *Oh! What a Lovely War*.

Hilda Harris and her wise friends in *L'Enfant*

Satie suffers most. His featherweight *Parade* owes its place in theatrical history largely to Picasso's sets and costumes. The story of carnival players trying to lure a crowd into their act is trampled by the arrival of weary soldiers from the front, still wearing gas masks. Nor is there any support from Gray Veredon's pallid, inert choreography. (Leonide Massine created the original dances.) As Harlequin, Gary Chryst works hard, but his role is never allowed to gain momentum.

Les Mamelles fares better. The barbed wire is pushed off into a corner, and the sets are Dufy-bright and lively. The story, a gutsy farce that Poulenc took from a drama by Apollinaire, concerns a fed-up woman named Thérèse (Soprano Catherine Malfitano) who decides to quit the second sex by removing her breasts—really two bright balloons. Meanwhile, her husband (Baritone David Holloway) assumes female dress and godlike fecundity; in a day he/she produces 40,049 offspring. Eventually both resume their original genders and celebrate the need to repopulate the world after war. Among Hockney's wacky touches: solemn wicker baby prams and grave pasteboard infants who pop up from them. Malfitano and Holloway may not have mastered French singing style, but they have strong, well-trained voices capable of bringing down the house, Broadway-style.

Gary Chryst as Harlequin in *Parade*

The masterpiece on this bill, an exquisitely orchestrated work full of both lyricism and humor, is *L'Enfant et les Sortilèges* (literally *The Child and the Sorceries*). Colette wrote the libretto, a serenely wise fantasy about a child's guilt after a temper tantrum. When *L'Enfant* was first produced in 1925, George Balanchine, then 21, provided the incidental choreography. But noble lineage does not burden this opera in the way that it does Satie's *Parade*, probably because it offers ample possibilities for different interpretations. The little boy (played by Mezzo-Soprano Hilda Harris) defies his mother, wrecks a pendulum clock, trashes a teapot, tears his books, rips the wallpaper off the wall, pulls the cat's tail and more. All the victims promptly rise up to rebuke and terrify him. Dexter has taken a sunny approach to this nightmare. Harassed frogs are still genial; abused cats take a philosophical view. In *L'Enfant* Hockney creates his richest, most brilliant sets and French Conductor Manuel Rosenthal coaxes the most subtle performance from the Met orchestra. It has been said that the Ravel work is such a perfect distillation of orchestral and vocal art that it resists dramatization, that no physical embodiment of it is possible. Perhaps. Yet the Met does justice to the masterpiece with an approach that is both witty and tender, and one leaves under the spell of Ravel's miracles.

Still, the evening was a bit of a puzzlement. Even though the Ravel was a success, why does a major opera house try to produce dance, a project like *Parade*, when the American Ballet Theater will occupy its very premises in two months' time and George Balanchine reigns just across Lincoln Center Plaza?

—By Martha Duffy

A giddy tableau from *Les Mamelles de Tirésias*, with Malfitano and Holloway at left

A feisty farce in which breasts are balloons and a man can make 40,049 babies.

Photographs for TIME by Jack Vartoogian

Quirks, Clamors and Variety

Three surveys of the U.S. scene are vital, full of hope

Every two years, the Whitney Biennial sails round and is promptly declared by its critics to be sinking. *Look, the mast has gone! The hull has sprung, the captain is drunk, and the ship's macaw has taken over the chartroom! The pumps cannot keep up with the gurgling inflow of banality! Heavens, the parallels with Western civilization itself are too evident to resist!* Not only are things not what they used to be, but it is so long since they were what they were that few can remember what they might have been. Indeed, one of the main uses of these big compendiums of current art is to enable the watchers on the promontory to vent such lamentations. In a world of instability and doubt, now that modernism is formally over but art keeps obdurately being made, one of the mottoes of the conservative critics is Ishmael's in *Moby Dick:* "The drama's done. Why then here does any one step forth? —Because one did survive the wreck." At least things will be worse two years from now.

Or will they? The 1981 Whitney Biennial has now arrived, along with a whole season of roundups, "direction" shows and the like. East of the Appalachians, two other major ones are running: in New York, the Guggenheim's "19 Artists—Emergent Americans," and in Washington, the Hirshhorn Museum's "Directions 1981." Among them, these three sample the work of some 150 painters, sculptors, land artists, photographers, video and film makers. Some of the artists, like Richard Diebenkorn, Harry Callahan or Ellsworth Kelly, are very well known and represented by first-class work. Others, like Willem de Kooning, are equally famous but showing weak things. Still others, such as the New York Artist Julian Schnabel (with his lumpen-expressionist jumbles of sticky paint and broken crockery), are immensely fashionable with collectors for reasons the work does not make clear. But nobody, not even the most dedicated footslogger on the SoHo treadmill, could have known everything in these three shows firsthand. Taken together, they make one realize yet again how indispensable the *salon* format is to a healthy art world. The curated survey, whose American prototype is the Whitney Biennial, always has patches of boredom and baldness, but it is still the nearest thing we have to the clamorous variety of the 19th century *salon*.

This year the results are often tonic, enjoyable and full of hope. Some shoots of real vitality have been emerging from the conceptual rubble of late modernism. Although there is nostalgia for the arid pieties of yesteryear—Peter Lodato's two blank 11-ft.-high rectangles at the Whitney, for instance—the general tone is unsystematic, quirkish and opposed to movements. So much so, indeed, that curatorial bias gets in the way. No one is likely to miss minimal art, but the total exclusion of color-field painting reflects as much bigotry as its absolute dominance did ten years ago

But, granted that "movements" are

Squiggles, meshes and metaphors of immersion: Judy Pfaff's *Kabuki (Formula Atlantic)*, 1981

COURTESY HOLLY SOLOMON GALLERY, NEW YORK, AND ARTIST

Stylish glitz: Kushner's *Same Outfit*, 1979

COURTESY HOLLY SOLOMON GALLERY AND ARTIST

DIANE BROWN GALLERY, WASHINGTON, D.C.

***Flaming Colossus*, 1980, by Jedd Garet; and Lita Albuquerque's *The Horizon Is the Place That Maintains the Memory*, 1980-81**

more a dealer's spiel than a real feature of current art, there are still affinities among artists. What are the main ones here? To begin with, realist painting—but with a twist. The plain declarative style of tonal realism, whose American master is Philip Pearlstein, is hardly in evidence, although there are some exquisitely rendered pastel studies of gray, tumbling Midwestern skies by William Beckman at the Hirshhorn, and the Whitney has some beautifully observed images by William Bailey (still life) and Rackstraw Downes (panoramic landscape). The best figurative work at the Guggenheim is by the oldest of the "emergent" artists, the 63-year-old West Coast movie critic and former abstractionist Manny Farber. His still lifes of labels, dolls, mementos and children's toys, deceptively casual in arrangement and laid out with near architectural precision, despite their fatty paint, are like rebuses or allegories, swarming with references to movies and their *auteurs*. Peter Frank, the Guggenheim's guest curator, who has a marked taste for indirect and elliptical art, has also included an interesting painter from New Orleans, Jim Richard, 37. Richard's deadpan views of Southern suburbia do not justify Frank's claim that they possess "the most astoundingly lambent light this side of a Caspar David Friedrich sunset." That must be the most astoundingly nutty thing written by a talented critic about a talented artist so far this winter. But they do have a weird, banal intensity, especially in *Viewing the Sculpture*, 1980, where a number of chairs in a tract-home parlor survey a pressed-steel hardware-store Lazy Susan, landed in their midst like an alien life form.

The other primary vein of imagistic painting in these surveys (particularly the Whitney's) is a vague catchall for anything reminiscent of punk or other nouveau-wavo aggressions. "Dumb art," it is conveniently called, and some of it is very dumb indeed—but not all. One notable exception is the work of a precocious 25-year-old named Jedd Garet, whose paintings seem to take their stylistic base from, of all things, late De Chirico—not the pre-1918 master of tailor's dummies and spare, aching urban spaces, but the pompous neoclassicist of the '30s. Coarsely colored and drawn with a kind of savvy crudeness, Garet's *Flaming Colossus*, 1980, resembles nothing so much as a black squid with humanoid ambitions, silhouetted against a conventionally "apocalyptic" background of fire. Yet on this preposterous level, it does work as an image, generating enough energy to blow its neighbors off the wall.

One would also like to like the work of Jonathan Borofsky, but he makes it difficult. For several years now, Borofsky, 38, has been filling galleries with his stoned pictorial ramblings, large-scale doodles interspersed with logorrheic messages in script. What they may mean (assuming that these spurts of buckeye American surrealism are meant to have any narrative meaning) is utterly opaque, but in the Whitney he is at it again, in his klutzy, feckless way, in a room dominated by scrawled names and a huge black cutout of a man who repeatedly swings a hammer. Whatever its meaning, this piece is visually more interesting than the "environment" that greets one on the fourth floor of the Whitney. Robert Wilson's chic '20s-style set for his short piece of dramatic gibberish from 1977, *I Was Sitting on My Patio This Guy Appeared I Thought I Was Hallucinating*. With Borofsky, at least, you do think you are hallucinating. But then, why should a stage set not be "sculpture"? In the Whitney, pretty well anything that isn't flat or a photograph can be classified as sculpture, like Scott Burton's table made of sheet onyx lit from inside, or his chairs—two hunks of rough gray gneiss, cut in a way that makes only minimal concessions to human buttocks, impartially devoid of life as sculpture and comfort as furniture.

Farber's *Marguerite Duras, Possibly*, 1980

COLLECTION OF THE ARTIST

Recent decorative tendencies in American art are sampled at the Whitney but ignored in both the Guggenheim and the Hirshhorn. The idea of an art, abstract or figurative, that is entirely hedonistic, anxiety-free and without social resonance is not, of course, new in America. That was what most abstract painting in the '60s was about, although the fact was concealed as embarrassing. Now the impulse is out of the closet, which is a relief—although it seems not to have produced any genuinely major painting. The best of the *peintre-décorateurs*, and the longest at it, is Robert Zakanitch, 45, represented at the Whitney with a lavish and seductive canvas of two swans, heraldically conjoined at the heads, floating

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on a gray-green field of water and creamy lilies. But younger painters tend to settle for something lighter, stylish in a glitzy way and openly bird-brained. Beside Robert Kushner's *Same Outfit*, 1979, Dufy might look like Poussin.

There is quite a lot of "narrative" art, disconnected accumulations of words and images that owe something to Jasper Johns, something to James Rosenquist. The most conspicuous new practitioner is a Texan named Vernon Fisher, 37, the only artist represented in all three shows. But political content hardly appears at all. The sole artist concerned with it is an Englishman, Conrad Atkinson (Hirshhorn), who makes ferocious indictments-by-assemblage over such issues as Northern Ireland and asbestos poisoning of workers. His accumulations of data—letters, text panels, photos of graffiti and so on—undergo very little aesthetic transformation, but they have an undeniable forensic power.

Earthworks and land art are notoriously difficult to get into a museum—in fact part of their aim was to escape its confines—and at the Whitney they are present, in a ghostly way, through slide projection. But there is one unusually gifted land artist at the Hirshhorn, Lita Albuquerque. By dusting isolated stones or strewing sharp, evanescent blotches of pigment in desert places (the color is then blown away by the wind), Albuquerque produces an exquisitely fugitive interference with the landscape, like a fleeting pictograph, an acceleration of cultural time in the great stasis of nature. Her single rock in a glass case at the Hirshhorn, unnaturally glowing under its pall of red dust, is as startling as an asteroid.

Yet some of the best things on display in these shows do not fall into any of the usual categories of the '70s. In particular, and perhaps best of all, there are the two rooms by Judy Pfaff at the Hirshhorn and the Whitney. If there is any central metaphor to Pfaff's maniacally strident and wonderfully energetic work, it is immersion. Colonies of shapes—spiky, blobby, twisting, knotted, tangled—sprout upward from the floor or hang in clusters from the ceiling. They proliferate like brain coral, elkhorn, lacy underwater fans; the wall beyond them dissolves into patches and drifts of submarine color. It is the octopus' garden, and walking through it one seems to float. Such an image could become excruciatingly kitschy (one cutout angelfish would do it), but what preserves the balance and tightness of Pfaff's work is her daring, uninhibited sense of abstract form. Those squiggles and meshes, bits of screening, Mylar and Day-Glo plastic work together beautifully as aerial handwriting. In her work there is not a trace of the hesitation and nostalgia, the feeling of being becalmed, that gave the '70s their grayish tone. A few more artists like her, and the '80s might be an interesting decade.

—By Robert Hughes

Theater

Regal Romp

MARY STUART
by Wolfgang Hildesheimer

This play begins in a death chamber. Gray, broody castle walls define the prison cell. In the dim light, we make out the anguished figure of a woman in a sackcloth shift. It is Mary Stuart, pretender to the English throne, and the velvet-covered block on which she sits will soon receive her severed head.

This might seem like the darkling prologue to a swellingly somber theme. Will German Playwright Hildesheimer offer us fresh insights into Mary's vaulting ambitions, her untempered will, her vulnerable femininity and her invincible Catholicism? Or will he move us by limming the last pathetic hours of a woman at the mercy of a woman who knows no mercy, Elizabeth I? Neither. Hildesheimer believes that history is an obscene irony, an absurdist fable signifying nothing. His prelates, earls, doctors, ladies in waiting and greedy hangers-on vary so little from the monarch that they are all like cards in a stacked deck.

Maxwell, by fate possessed, in *Mary Stuart*

A playing card in a stacked deck.

The play begins sparely as the executioner, drolly played by Roy Cooper, mundanely outlines his craft and displays an austere professionalism. Mary (Roberta Maxwell) is listening for heavenly voices that will validate her martyrdom and self-proclaimed sainthood.

As Mary's retinue assembles, the pace quickens, and the play resembles a Marx brothers script co-authored by Genet and Brecht. As ladies in waiting attend the Queen, they are addressed from the rear by fornicating lackey-lovers. When Mary calls for her dogs, a bevy of stuffed canines are propped up before her. She chooses to disremember that she once had a hound killed for losing the scent in a fox-hunt. Like unskilled pickpockets, her attendants try to plunder her last remaining jewelry. A marvelously comic doctor-apothecary team (John Bottom and Ron Faber) get the Queen deliriously squiffed on drugs before she attains her final serenely regal composure.

Roberta Maxwell's Mary is an acutely devastating portrait of a prima donna. She is vain, she is cruel, she throws temper tantrums, she is self-pitying, she is totally self-absorbed. Unthroned, she is crowned in the dazzling radiance of her pride. Maxwell is in the top rank of U.S. actresses, and she proves it again in this kaleidoscopic performance.

The fractiously seriocomic play occupying the stage of Joseph Papp's Public Theater in Manhattan is not the real thing, but Roberta Maxwell very much is.

—By T.E. Kalem

Absinthe Boys

TOTAL ECLIPSE
by Christopher Hampton

In this drama passion is bondage, genius nestles in madness and two men become each other's heaven and hell.

Destiny left simple happiness out of the script in fashioning the relationship between the French poets Paul Verlaine and Arthur Rimbaud. One might say that Rimbaud wrote the major part of the script. Claiming that the poet's task is to be a seer, Rimbaud while still in his teens demanded "a long, immense and deliberate *derangement of all the senses*, the poet seeking every possible experience of love, pain and madness . . ."

Absinthe is the catalyst. It turns Verlaine (David Markay) violent and makes Rimbaud (Nicky Silver) into a satanic *enfant terrible*. Transforming his mentor into his slave, Rimbaud pries Verlaine loose from his wife and son. The rest of their tempestuous saga is fairly accurately chronicled in the production at off-Broadway's La Mama Theater. The play is flawed, but it is amazing that British Playwright Hampton *(The Philanthropist)* wrote it when he was only 18. He was obviously drawn to Rimbaud as a *fin-de-siècle* spiv, and Silver plays him that way. Markay's Verlaine is the more richly shaded portrayal, ranging from voracious sensual appetite to a discernment of the gemlike flame with which Rimbaud's poetry would burn in posterity's eyes.

—T.E.K.

Colleges shouldn't have to choose between lighting their buildings and enlightening their students.

–Thomas Edison
Inventor

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Today there's a real danger that many American college students may not. Inflation is eating into college budgets to a dangerous degree. More and more of the money that used to go for microscopes, lab equipment and library books is now being consumed by basic necessities such as heating and maintenance. And, of course, my specialty – lighting.

What is most frightening is that this squeeze is coming at a time when we need all the trained minds we can get. So that we can all work more effectively towards the realization of pressing goals: manageable inflation, revitalized industry, and plentiful supplies of energy coursing through the arteries of this country.

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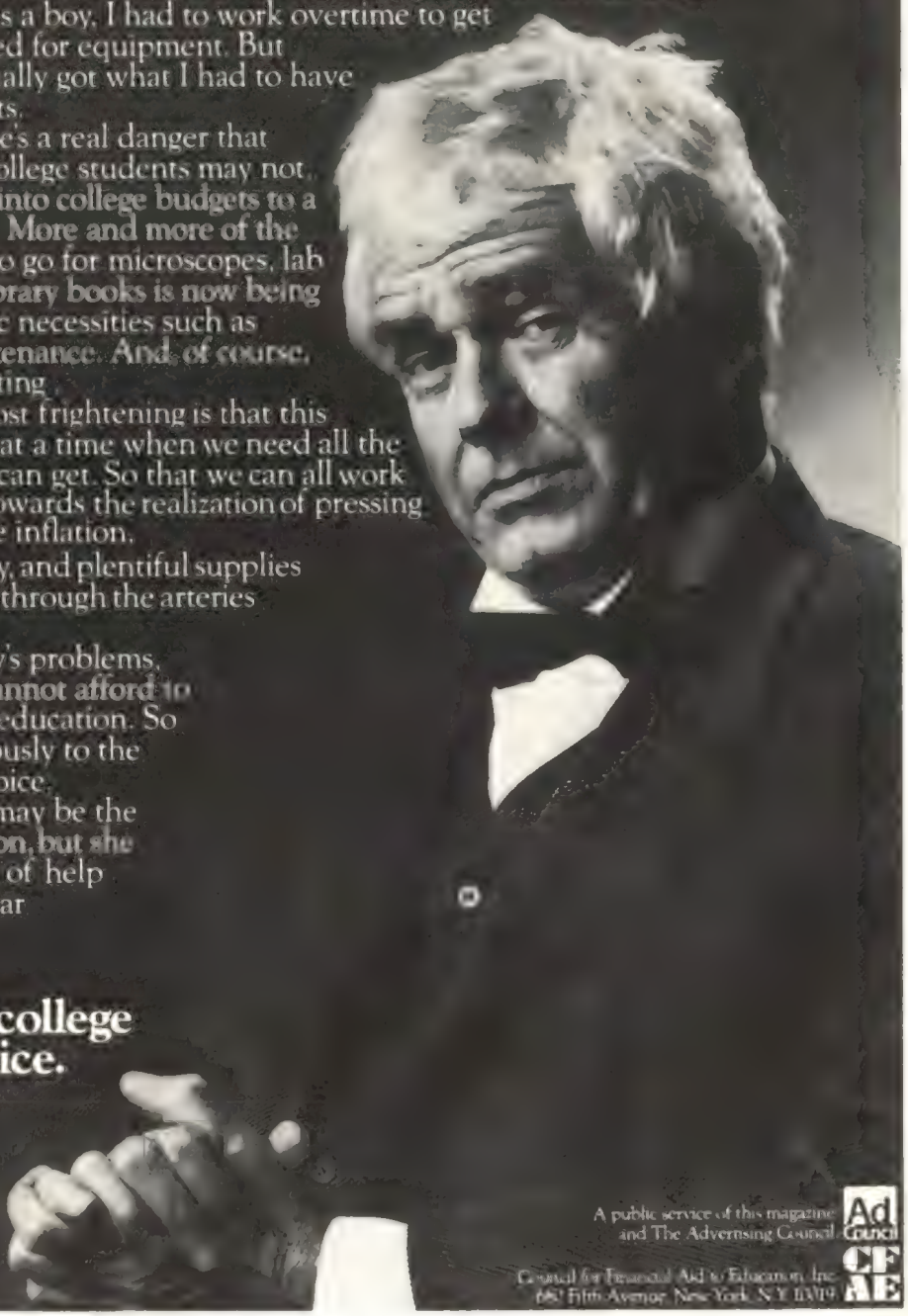

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MARGARET BOURKE-WHITE

Inmates of the infamous Buchenwald concentration camp stare at their rescuers in Margaret Bourke-White's classic 1945 portrait

Writing About the Unspeakable

Survivors and historians recall the years of the Holocaust

The best now, after so much has been set forth, is, perhaps, to be silent; not to add the trivia of literary, sociological debate, to the unspeakable.

—George Steiner, *Language and Silence*

A special poignance clings to the critic's plea, so reasonable only 16 years ago. Today the option of silence is lost in the collision of melodrama and documentary. The Holocaust has been the subject of a top-rated TV mini-series, of William Styron's bestseller *Sophie's Choice*, Lina Wertmuller's film *Seven Beauties* and Arthur Miller's melodrama *Playing for Time*, of countless paperbacks tastefully decorated with barbed-wire designs. Funds are currently being solicited for the Simon Wiesenthal Holocaust project in Los Angeles: "This multiscreen, multichannel sound, audiovisual experience of the Holocaust will utilize a 40-ft.-wide and 23-ft.-high screen in the configuration of an arch, three 16-mm film projectors, eighteen 35-mm slide projectors and pentaphonic sound, all linked to a central computer which will control all functions simultaneously. It will be a definitive educational medium on the subject."

"Definitive," remarks *Commentary* Editor Robert Alter, "except for the omission of a computerized convector-current olfactory unit to waft about in seven presequenced patterns the odor of rotten bread, potato peels and scorched flesh."

Given this surfeit, can there be room for yet another word on the unspeakable, yet another theory about the incomprehensible? The answer, as always, depends upon the speaker. In *The Terrible Secret* (Little, Brown; 262 pages; $12.95) the man in the witness stand is necessary and impeccable. At the beginning of his phosphorescent volume, Historian Walter Laqueur quotes a war correspondent in 1945: "It is my duty to describe somethihg beyond the imagination of mankind." That something was the archipelago of Europe's death camps, where Nazi virulence reached its terminals: the medical experiment, the gas chamber and the crematorium.

When the correspondent and his colleagues recorded inhuman sights —mounds of hair and gold teeth, rooms of crutches, emaciated corpses stacked like cordwood, ovens used for children—the world stared in disbelief. Today it seems difficult to understand the incredulity. For if more than 6 million Jews, gypsies and other "undesirables" perished in the camps, how was it possible to keep the Final Solution a secret from their neighbors, from soldiers and intelligence agents and the foreign press? In part, says Laqueur, with a screen of euphemisms and evasions. Even in Germany, Jews were not executed, they were officially "resettled," "removed," given "special treatment." Joseph Goebbels, Hitler's Minister for Propaganda, told loyal journalists how to respond to investigations of the Final Solution: Cite British atrocities in India

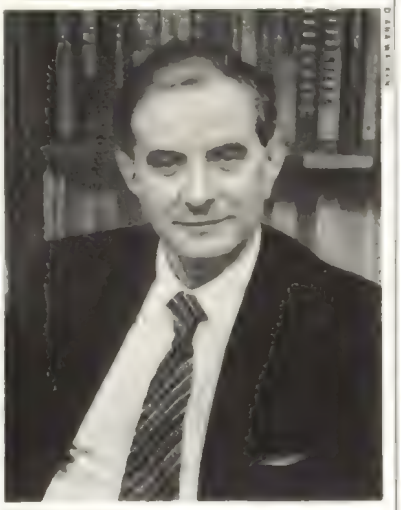
Still, by the summer of '42, too many cables had been intercepted, too many codes broken. The Holocaust became an open secret. In August the U.S. Ambassador to Switzerland sent Washington reports of a German plan to kill 4 million victims by chemical means. But the Ambassador appended a postscript: the cable should be regarded as "wild rumor inspired by Jewish fears." Even among the knowledgeable, there was an unwillingness to accept truth. Willem Visser't Hooft, founding secretary general of the World Council of Churches, provided a haunting rationale for moral numbness: "People could find no place in their consciousness for such an unimaginable horror ... It is possible to live in a twilight between knowing and not knowing."

Operating in that twilight, the Roosevelt Administration preferred not to bomb Auschwitz, or even the train tracks leading there. Instead, the White House ordered "rescue through victory"

Excerpt

"In London and Washington the facts about the 'Final Solution' were known from an early date. But some of the officials either did not believe them, or at least thought them exaggerated ... Although it was generally accepted that the Nazis behaved in a less gentlemanly way than the German armies in 1914-18, the idea of genocide nevertheless seemed farfetched. Neither the *Luftwaffe* nor the German navy nor the Afrika Korps had committed such acts of atrocities, and these were the only sections of the German armed forces which Allied soldiers encountered prior to 1944. The Gestapo was known from not very credible B-grade movies. Barbaric fanaticism was unacceptable to people thinking on pragmatic lines, who believed that slave labor rather than annihilation was the fate of the Jews in Europe. The evil nature of Nazism was beyond their comprehension."

—*The Terrible Secret* by Walter Laqueur



Walter Laqueur

—though by the end of the war, only a remnant could be saved. The Soviet Union refused to recognize specific crimes against the Jews, even when 70,000 were murdered at Babi Yar; in Britain, Anthony Eden feared that statements about Nazi slaughterhouses might cause the Germans to "harden their hearts." As Laqueur indicates, it is difficult to see in what additional ways the victims might have suffered. The martyrs themselves were euphemistic: "We can do very little, we must hope for the best" sustained many until they were behind the gates of Auschwitz or Treblinka. The author is not a man to dwell in the conditional: those who might have been saved are gone, and Laqueur is more interested in first causes than in lamentations. No accusations are made; he is well aware that "nothing is easier than to apportion praise and blame, writing many years after the events." His towering subject is approached with calm and humility. But after all the evidence has been presented, all the statistics meticulously compiled, and the lethal indifference of the Allies faithfully recorded, Edmund Burke's 200-year-old dictum reverberates as never before: "The only thing necessary for the triumph of evil is for good men to do nothing."

Laqueur dislikes the very word Holocaust: *holokaustein* means to bring a burnt offering, and "it was not the intention of the Nazis to make a sacrifice of this kind, and the position of the Jews was not that of a ritual victim." Still, the term has entered the world's vocabulary (*der Holocaust* has been naturalized in German), and survivors themselves employ it. The Holocaust Library, distributed by Schocken Books, for instance, is a nonprofit publishing enterprise created and managed by refugees. Most of the titles belong to the literature of testimony—*The Holocaust Kingdom* by Alexander Donat (361 pages; $8.95, paperback) typically records the last days of the Warsaw ghetto and the will of a child to appeal the world's sentence of death. *The Politics of Rescue* by Henry L. Feingold (416 pages; $7.95, paperback) revives the long-dormant question: How could the democracies of the West refuse to admit people whose need for sanctuary was a matter of life and death? In this expanded and updated edition, Historian Feingold sifts through the memorandums of state departments to find that guilt lay not only with insensitive agencies and nations but with some American Jewish organizations, which were aroused too late. "We fell victim to our faith in mankind," recalls library Editorial Chairman Alexander Donat, "our belief that humanity had set limits to the degradation and persecution of one's fellow man." *Ghetto Diary* by Janusz Korczak (191 pages; $8.95) is the most disturbing of the library volumes. Of the hundreds of memorial stones at Treblinka, only one bears a name: Korczak, a physician, author and head of an orphanage, who, given a chance to escape, chose to accompany his little charges to the gas chambers. The Holocaust Library also tells more heartening tales. *Their Brothers' Keepers* by Philip Friedman (232 pages; $4.95, paperback) celebrates the Christians who helped thousands of Jews escape because their consciences clamored louder than jackboots and guttural orders.

With Raoul Wallenberg in Budapest by Per Anger (191 pages; $8.95) is a tale of transcendental heroism set against the flames of Eastern Europe. A member of the Swedish Foreign Office in Budapest, Wallenberg continually furnished Jews with false papers and helped them flee to neutral territories, sometimes only hours before the Germans arrived. Although he saved tens of thousands, Wallenberg could not save himself. He was arrested by the Soviet troops entering Hungary and vanished into another kind of gulag. His fate is unknown today, and his monument

Jack Eisner

Living until the sunset was a miracle.

Samuel Pisar

is this sadly abbreviated biography.

Not all books on the Holocaust are of similar moral or aesthetic worth. A lengthening shelf of nonfiction often seems to lessen the intensity of history. In many recent books, Auschwitz becomes mere metaphor, and moral distinctions are blurred in references to Viet Nam, Biafra, the boat people. Other books by survivors seek to remind the world that the Holocaust was a unique and discrete event but use personal experiences for special pleading. *Of Blood and Hope* by Samuel Pisar (Little, Brown; 311 pages; $12.95) is the account of a survivor who journeyed from Auschwitz to Harvard to a law practice of international renown. The accounts of his early life, of prison, of his rescue by a Negro soldier—a black angel in a tank-shaped chariot—are the stuff of redemptive drama. Thereafter, the narrative becomes a self-congratulatory dropping of names—Jackie Kennedy, Henry Kissinger, Arthur Rubinstein—"Yes, your life has been a fascinating journey, Sam Pisar," punctuated with lofty pleas for "transideological enterprise" and dire bromides: "The entire planet is being transformed into a chessboard for potential war."

Jack Eisner's *The Survivor* (Morrow; 320 pages; $11.95) offers no philosophy beyond that of living to the next sunset, a near miracle in the author's ghetto and death-camp days. But his recital of agonies is told in the terse style of a scenario, and the incessant, heightened savagery and betrayals soon lose the power to convince or move the reader.

Yet even these volumes have their value. Those who were in the Holocaust are stamped not merely with the numbers on their arms but with the burning images in their minds. Some could not bring themselves to write about an occurrence of such magnitude until they were distanced from it. All seem to be modern versions of the Ancient Mariner, forever

Books

compelled to bear witness and warning.

At a time of the resurgence of swastika graffiti and synagogue bombings, silence is no longer valid, and warnings cannot be regarded simply as distortion or indulgence. The record of Pastor Martin Niemöller, the German theologian, has a desperate and modern ring: "First the Nazis went after the Jews, but I was not a Jew, so I did not object. Then they went after the Catholics, but I was not a Catholic, so I did not object. Then they went after the Trade-Unionists, but I was not a Trade-Unionist, so I did not object. Then they came after me, and there was no one left to object." —*By Stefan Kanfer*

Editors' Choice

FICTION: The Book of Laughter and Forgetting, *Milan Kundera* • A Book of Women Poets from Antiquity to Now, *edited by Aliki Barnstone and Willis Barnstone* • The Collected Stories of Elizabeth Bowen, *Elizabeth Bowen* • The Company of Women, *Mary Gordon* Housekeeping, *Marilynne Robinson* Italian Folktales, *selected and retold by Italo Calvino* • Other People's Worlds, *William Trevor*

NONFICTION: Ambition, *Joseph Epstein* American Dreams, *Studs Terkel* Gjon Mili: Photographs & Recollections • The Magazine Maze, *Herbert R. Mayes* • Paper Money, *Adam Smith* • Walt Whitman, *Justin Kaplan* • Ways of Escape, *Graham Greene*

Best Sellers

FICTION:

1. The Covenant, *Michener (1 last week)*
2. Brain, *Cook*
3. Answer as a Man, *Caldwell (4)*
4. Aztec, *Jennings (10)*
5. Firestarter, *King (3)*
6. Come Pour the Wine, *Freeman (7)*
7. Rage of Angels, *Sheldon (5)*
8. Unfinished Tales, *Tolkien (8)*
9. The Fifth Horseman, *Collins & Lapierre (9)*
10. Side Effects, *Allen*

NONFICTION:

1. Cosmos, *Sagan (2)*
2. The Last Mafioso, *Demaris*
3. Nice Girls Do, *Kassorla (1)*
4. You Can Negotiate Anything, *Cohen (7)*
5. Crisis Investing, *Casey (3)*
6. Richard Simmons' Never-Say-Diet Book, *Simmons (8)*
7. Betty Crocker's International Cookbook *(4)*
8. Best Evidence, *Lifton (5)*
9. Reagan the Man, the President, *Smith et al*
10. The Sky's the Limit, *Dyer (9)*

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Single-Minded

EYEWITNESS
Directed by Peter Yates
Screenplay by Steve Tesich

William Hurt is long and smooth-muscled and unlined; he looks like an experimental model for the next, higher form of life: *Homo computerens*. Sigourney Weaver is all beautiful angles and shining intelligence; she could be a Jane Fonda who studied phenomenology at the Sorbonne and washes her face every day with Ivory soap. His voice swoops into baritone breathiness as thoughts pop into his character's mind with the urgency of revelation. Hers is the voice of well-bred reason—behind every line of dialogue there's a Wasp sting. Each actor built a solid reputation in off-Broadway theater; the first film for each was a sophisticated sci-fi horror show (*Altered States* for Hurt, *Alien* for Weaver) that exploited the performer's patrician features and willful wit. Now the makers of *Eyewitness* have conspired to play these two appealing obsessives against each other for off-center romantic comedy.

Daryll Deaver (Hurt) is the night man in a Manhattan office tower; Tony Sokolow (Weaver) is the TV newswoman with whom Daryll has been conducting a one-way, cathode love affair. When they meet at the site of a murder in the building, and he professes knowledge of the crime, she determines to use him as cunningly as any Frank Capra reporter chasing a hot story on the way to falling in love. Daryll is disarmingly direct in telling Tony how much he loves her, has always loved her, and always will. His offer to wax the floors of her apartment constitutes the season's most original metaphor for sexual foreplay ("Then I buff it gently, till it beams"), and, when he finally gets her into his bed, he warns, "I'll tell you right now, it's going to be wonderful." It is. *Eyewitness* is, after all, a romance of attractive opposites.

Steve Tesich, the playwright whose first movie script, *Breaking Away*, received the indulgences of a good many critics, writes masterly first acts. He has the Saroyan sense to devise a solid foundation on which his eccentrics and low-lifes dance to their own ricochet rhythms. But when it comes to complicating and resolving a plot, Tesich falls back on the conventions of melodrama. Around the soft center of Daryll and Tony's affair, he has woven a crazy quilt of stereotypes —the cold-eyed killer, the silent accomplice, the wealthy parents, the deranged Vietvet. At the climax—a reprise of *Equus* —resourceful Daryll does what every dumb thriller hero or heroine must do: wanders into an ominous abandoned building. His assailant is even dumber: he is intent on killing Daryll but won't shoot the horses protecting him.

In a time of inflation, Tesich and his director Peter Yates must be accused of squandering valuable resources. Christopher Plummer, as an activist diplomat, gets to display little more than his profile; and James Woods, who could become the most engaging villain since the young Cliff Robertson, has again been cast in a part that must have been written for Bruce Dern. The sympathetic viewer will want to rescue Hurt and Weaver, not from the bad guys, but from the mechanism of this eyewitless plot. The canny movie producer will want to recast them as the Tracy and Hepburn of the '80s.

—By Richard Corliss

SCHAPIRO—SYGMA

Weaver and Hurt in *Eyewitness*
Playing a masterly first act.

Double Take

LA CAGE AUX FOLLES II
Directed by Edouard Molinaro
Screenplay by Francis Veber

It may be that the definitive word on sequels was uttered by a worldly philosopher who, upon being asked if one should repeat a homosexual experiment, replied memorably: "Once, a philosopher; twice, a pederast." It applies with particular aptness to this fitfully entertaining attempt to replicate what is alleged to be the largest-grossing foreign film in U.S. movie history. For *La Cage aux Folles II* makes it clear that the sheer novelty of the original —no one had thought to make a humane and sweet-spirited domestic comedy about a longstanding homosexual relationship—was responsible for much of its success. One flies away from the new *Cage* feeling that familiarity breeds, in this case, nothing more than empty farce, laughter without an afterlife.

Serrault and Tognazzi in *Cage II*
Chasing around in a sequel.

The pairing is as before. Renato (Ugo Tognazzi) is still the wise, patient husband; Albin (Michel Serrault), the transvestite wife, remains prone to hysterics and to giddy romanticism. The two are involved in a rather strained spy plot after Albin comes into possession of a microfilm wanted by both the *Sûreté* and what one must assume are Communist spies. It is only when Albin and Renato are forced to flee France and take refuge in Italy, at the home of the latter's mother, that the picture comes alive. For these are the backward boondocks, where women are expected to toil for their keep. Poor Albin, forced to live not a fantasy of femininity but one of its harsher realities, finds himself scrubbing floors and harvesting grain —all of which distinctly goes against his grain. He is also pursued by an inarticulate rustic type, who is apparently smitten by the hearty figure he cuts in a peasant skirt. There are good laughs in this unlikely obsession, and in a well-managed final shootout.

This climax neatly parodies one of the sillier conventions of romantic thrillers, but the picture is rarely that delicately tuned. Ugo Tognazzi remains a marvel of sympathetic understatement as the, er, straight man, but Michel Serrault's performance has a forced, even panicky quality here, perhaps because his role is not as well written as it was the first time, lacking as it does both sympathy and well-made gags. Director Molinaro handles most of the action scenes perfunctorily, never realizing their full value either as suspense or as comedy. Since no one has bothered to think up anything new, comic or otherwise, to say about the central relationship, the movie is repetitive when it is not attenuated.

—By Richard Schickel

Class of a Very Classy Field

Britain's McKellen scores on Broadway, cementing a reputation

"I've found the man who killed Mozart," Ian McKellen whispered. He stared at a small man sitting near him in a New York City Italian restaurant. The man had a hard, beaked face. He wore a dark silk suit and deep gray shirt, and he looked altogether like a crow who had just come back from a health farm. He hunched over his food and held his hands over his plate in an inverted V, letting his fork dangle from his fingers like the clapper inside a bell.

It took McKellen perhaps ten seconds to absorb all this. It took him an additional five seconds to reproduce it and just an instant more to top it. He curled his mouth so it looked like a squeezed citrus. His eyelids shut down like blinds, into a squint, his hands shriveled into a kind of angular cupped shape, somewhere between a claw and a crotch, and he started throwing off lines from *Amadeus*. He became, in almost supersonic succession, the man at the neighboring table, then the character he has been playing in Peter Shaffer's smash Broadway play and, finally, some wonderfully stylized hybrid of them both. Then, suddenly, McKellen laughed and turned back to his meal. It was a day off, after all.

During working hours, McKellen can be found deploying this same unique combination of high art, low cunning and surreptitious showmanship. His incarnation of Playwright Shaffer's antagonist, Antonio Salieri, owes much to the offhand technical virtuosity McKellen displayed in that restaurant and even more to an analytic actor's intelligence that is restless and ruthless at once. "If I couldn't defend a performance intellectually, I'd be very unhappy indeed," McKellen remarks, and his Salieri is a seamless reconciliation of paradox. It is a portrait in depth of a shallow man, a forgotten 18th century court composer so bedeviled by jealousy, the shock of his own mediocrity and the daunting genius of his principal rival that he encouraged Mozart's ruination and hastened his death. Full of wit and passion and measured extravagance, the performance has become perhaps the most warmly admired of the Broadway season.

It has also, for U.S. audiences, been one of the more surprising. Although McKellen, 41, is regarded on home ground in England as the pre-eminent stage actor of his generation, the class of a very classy field, he has been on Broadway only once before, in a short-lived Russian play staged in 1967. By the harsh standards of Broadway, McKellen before *Amadeus* was less a reality than a reputation. Even now he receives no applause of respectful recognition when he starts to speak in the first act. But when he reappears for the start of the second, the applause sounds like a curtain call. And when the curtain call itself finally comes, it is a clear ovation.

DOMINIC—FRANZ FURST

A seamless reconciliation of paradox: Ian McKellen in *Amadeus*

High art, low cunning and surreptitious showmanship.

"I would put Ian up with Olivier and Gielgud in his intelligence and skill," says the National Theater's Peter Hall, who directed *Amadeus*. "He's an original," says Trevor Nunn of the Royal Shakespeare Company. "He has a strong and complex intelligence, and he can't really be compared with anybody." Although he has the stature and the command of theatrical grandeur associated with the Olivier generation, McKellen also has something more contemporary, more recognizably his own. It is a sort of granite center, a moral core that harks back to his Cambridge teacher, the great critic F.R. Leavis, and that is regenerated by the actor's continual insistence that his work is "a social career. Leavis taught that you can judge whether a work is good in part by the moral stand it takes. I just can't conceive of a theater that isn't dedicated to improving society."

McKellen, who comes from "a comfortable, comforting, loving family" in Britain's industrial North, departed Cambridge with a penchant for theatrical excess that earned him quick notice and a few severe warnings. One reviewer called him "a show-off," and McKellen took the criticism to heart. He started his own troupe, the Actors' Company, in part to counter this "tendency to act in an overly individual way." Later he accepted Nunn's repeated invitations to join the R.S.C., where he further modulated his gifts and moderated his flamboyance. Says Nunn: "I think Ian matured, and his presence matured the R.S.C." That double maturity led actor and director to a 1977 London production of *Macbeth*, in which McKellen seemed to cut himself wide open with daggers of the mind. The production was regarded as definitive and won McKellen one of his three consecutive Society of West End Theater Awards.

For the moment, McKellen, who is unmarried, lives quietly in a sublet on the northern lip of Greenwich Village, from which he has recently ventured forth to start tap dancing lessons. He has nearly exhausted the usual tourist circuit but remains an enthusiastic—and perhaps impressionable—student of American folkways. "I heard a newscaster on TV and thought he sounded very affected," McKellen reports. "Then I realized he was English." He will return to England after his *Amadeus* engagement to take possession of his new London house on the Thames and to hang his collection of paintings (he favors modern industrial scenes of northern England, such as the work of L.S. Lowry).

He is also sure to continue his link with the R.S.C. His undiminished joy and interest in all theatrical enterprises, from the circus to a rock concert, travels easily. As Salieri, he addresses the Broadway audience directly, sometimes like a ringmaster, sometimes like a stand-up comic and sometimes, too, like a penitent. "It's not enough just to say I'm this character," McKellen insists. "The reality approach limits you." When an actor like Ian McKellen brings it back from a spin around the block, reality stands revealed for what it should be, a humble beginning. —*By Jay Cocks. Reported by Erik Amfitheatrof/London and Elaine Dutka/New York*

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